V-162

App. E, IX-4].

1924.

File No. 53-24.

Previous References.

Serial Nos. 1 —

Later references.

9-T-39-29-1-5.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for

SUBJECT

Discussion of outstanding income tax questions with Mr. Tottenham

Serial No.

D.O.No.4782 dated 8th instant from the Secretary to the Hon'ble the Resident intimating that the First Member of the Central Board of Revenue and the Commissioner of Income-Tax Madras will be in Bangalore from 11th to 14th instant and that He desires if there is no objection to discuss outstanding incometax questions with the Commissioner of Incometax in Mysore.

For perusal and orders

There would seem to be no objection to the Commissioner of Incometax being permitted to discuss outstandings questions without making any definite acceptances on behalf of Government

11 Tm 9.6.25

2nd Member) Mr Dotteram 9-6-25.

Dewan) The Comr. She has left Mysore this morning. She I.T.C. may, I think, be permitted to discuss to the Member that he is in Mysore & to be available only from 14th & I.T.C. may be informed that there is no objection to discussion of questions on the clear understanding that no definite acceptances are made on behalf of Govt. as this is Govt. matter. The final decision rests with the Govt.

Dewan 4 Papers like this 10/6/25

NOTE—Contn. Sheet 10/6

G.R.S. III-21

GT File No. 53 Genl (2) of 1924

General and Revenue Secretariat

Serial No.

9949
11/6

5/ I am sorry there has been a mistake in abbreviating the Resident's letter. The words is an Argument.

6 Reg. 225 or a Reg. of the Resident or a Reg. letter of the Court of I-Tax are pending for appn

Reg/6

II Reg/ Appn

pe
11/6 8/30pm Reg-d
11/6

To.
Major K. A. G. Elving Gordon
D.T.

Secy to the Hon'ble the Resident. 2
Pol no. 10348 13.6.25-

State that it is reg. objection to the I.T. Commr Mysore meeting the 4th member of the Central Board of Revenue discussing all outstanding I.T. questions

To. V.R. Thyagaraja Iyer Esq M.A. 3
Dy no. Fin 6666 13.6.25-

Request him to meet the third member of the Board of Central Revenue when he goes to Bangalore on the 11th May 1925 informally discuss the question of double income tax relief etc without making any definite acceptance

NOTE—Contn. Sheet

(3)

G. R. S. III-2]

General and Revenue Secretariat. | JT File No. 55 of 1926

Serial No.	
	behalf of Govt.
4.	From Mr V. R. Thyagarajan Spl Asst no. C 737 B 27.7.25 —
	Requests that the Secrett file of papers or other printed records, if any, relating to the above subject as a result of the previous discussions may be sent for reference —
	9 The question of double-income tax relief as between British India & Mysore will be discussed by the Comm^r of Income Tax with the 1st member of the Central Board of Revenue ~~on the 11th~~ between the 11th & 14th May 1925 in this connection the Comm^r desires that the Secrett files or printed papers may be sent to him for reference
	There is at present reciprocity between the two Govts in respect of Salaries (1), pensions (2) Securities (3) & business profits (4)
	10 Reciprocity in regard to (1), (3) & (4) was secured before the Regulation came into force & in regard to (3), the Govt. of India agreed to our proposals recently. (Vide printed collections put up). Orders are solicited if printed copies may be sent, as the office notes are also printed in the compilation.

Page 5 & 6 of the Printed collection flagged Fl.

Page 19 of the printed collection flagged R.

Yes — for whom? Mysore

NOTE—Contn. sheet.

(4)

G. R. S. III-2]

General and Revenue Secretariat. | 9T File No. 55 of 1924

Serial No.

9.T 52-24 Hay C

- 23-24 Hay N

11 Two other references viz
(1) Revised arrangements for relief from double income tax of incomes taxed both in British India & in the Mysore State &
(2) arrangements for relief from double-levy of income-tax on dividends taxed both in Br. India & Mysore have since been received & disposed of.

12 The suggestions in respect of the former were not accepted by the Govt. as the Govt. would lose heavily by the arrangement & in respect of the latter the Residency were informed that it was very necessary to have an understanding under which income from dividends accruing in British India & received in Mysore & vice versa are subjected to tax only in British India & Mysore respectively. [These are ~~noted~~ not printed]. As the replies to the Residency have not been made known to the Comm., Copies of the same may now be forwarded for his information & guidance instead of the files themselves.

13 The Residency have raised the question of an arrangement by which

NOTE.—Contn. sheet.

(5) 426-F

G. R. S. III-2]

General and Revenue Secretariat. | GT File No. 53 of 1924

Serial No.

relief is given to businesses where head office is in British India & where ~~whole~~ income in British India also is taken into account for purposes of fixing the rate at which ~~the~~ the tax has to be fixed (e.g. assessment of the General Assurance Co, Ltd, Bijnor).

File Separately Subd -

Subd. with references.

KW 28/7 14 All these files may be ~~made~~ 3 printed copies made available to the Court of Inquiry as desired by them

mad 28/7/25

Rev Secy 15 Yes KW 29/7

16 Draft prepared

mad 29/7/25

17 Draft Subd.

KW 30/7 Rev Secy

mad 30/7

KW 1/8 Issue Notice

mad 1/8

NOTE—Contn. sheet.

18

QUESTIONS TO BE DISCUSSED WITH THE MYSORE Representative.

(1) Extension of the present agreement so as to include dividends and incomes derived from professions and vocations for the purpose of mutual remissions of Income-tax.

(2) Method of computing income of businesses operating in British India and Mysore State.

e.g. Madras and Southern Maharatta Railway
United Coffee Supply Co., Coimbatore.
Coimbatore Spinning and Weaving Co.
General Assurance Society, Ajmere.
Aspinall's, Calicut.

(3) Whether the Mysore Government admit that the agreement between Mysore and the Government of India is equally applicable to British India and to the Assigned Tract of Bangalore.

- 0000-

(Enclosure to Bl.No. DO of 14th with letter to Secretariat Copy)

Please ask I.T.C to send at once a memo of discussions, & point up a note in consultn with Lt-Col. on the 3 points.

14/8/25

Report received from the I.T.C in Mysore. I have asked him to point up the notes on all the points - after he has had a talk with the Consultant

Secretariat Please see. Enclosures to Bl.No. Rec'd.

1 761

Comm from Reb may
perhaps be awaited

Dennis)

D.O. No. P. 17/1.

8

14th August 1925.

Dear Mr.Thyagaraja Iyer,

I send herewith a list of incometax questions to be discussed with Mr.Tottenham to-morrow. I am desired to request you to submit at once for the information of the Member notes on these points for discussion. Please treat this matter as very emergent.

Yours sincerely,

Aiyar

To

V. R. Thyagaraja Iyer, Esq., M.A.,
Incometax Commissioner in Mysore,
Bangalore.

9

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE,

D.O. No. C. 737/24-25 *Bangalore*.....15th.....August..... *1925*.

Three Encls. (One note and two files)

Confidential & Immediate.

737
-A

Dear Mr. Anantaraman,

In reply to your D.O. No. P.17 dated 14th instant, I enclose herewith a brief note of the discussions at the Residency yesterday.

2. It was understood that the Hon'ble the Resident would send a typed copy of the memo of discussions to the Dewan. The memo of discussions was taken down in pencil by the Madras Commissioner of Income Tax and read over at the close of the meeting. It was not signed by me and the whole thing was understood to be informal.

3. The enclosed note is based on my recollection of what took place and on certain notes made either at the time or immediately afterwards.

4. The two Secretariat files (Nos. 52-22 of 1922-23 and No. 23-24 of 1924-25) received with your D.O. No. Fl. 732 dated 3rd August 1925 are herewith returned.

Yours sincerely,

15/8/25

K. V. Anantaraman, Esq., B.A.,
Secretary to the Government of Mysore,
Revenue Department, Bangalore.

Brief note of the discussions regarding the three questions brought forward at the meeting at the Residency on the 14th instant (from 11 A.M. to 12-30 P.M.)

I. EXTENSION OF THE AGREEMENT &c.

This was considered desirable; but I suggested that the results of the proposed extension should be worked out in a few hypothetical cases so that the financial effects may be clearly brought out.

II. METHOD OF COMPUTING INCOME IN THE CASE OF CERTAIN BUSINESSES.

(a) This subject created a good deal of discussion. The 1st Member of the Central Board did not agree with the interpretation of "total income" given by our Law Department and our Government. I brought to the notice of the meeting that section 16(1) of the Mysore Income Tax Regulation of 1923 is said to have been expressly drafted so as to cover the interpretation put on it by our Government. The Hon'ble the Resident said that he would refer to the papers on the subject. As regards the disposal of the individual cases referred to, in this question, it was considered desirable that the principles laid down by the Government of India in the Government of India Income Tax

Manual

Manual should as far as possible be given effect to and that all doubtful points should be settled, if possible, by the administrative authorities instead of by the High Courts.

(b) It was in this connection that the desirability of keeping the Mysore Income Tax Department in touch with the Income Tax administration of British India and especially of the neighbouring provinces of Madras and Bombay was urged by me. One of the paras in the memorandum drawn up deals with it.

III. THE POSITION OF THE C. & M. STATION, BANGALORE.

As the Mysore Income Tax Regulation was not in force in the C. and M. Station, Bangalore, it was considered desirable that this tract should receive, if possible, the advantages of the reciprocal agreement between Mysore and British India. The existing arrangements, it was understood, should continue and the only question was whether something more should not be done. The peculiar position of the assigned tract was at the same time recognised and it was considered that the financial effects of an extension of the agreement to the Civil and Military Station should be investigated before any actual extension should be made. The case of Messrs. Haji Abdul Rahiman and Co. which went

before

before the Chief Court was then referred to in this connection.

15/8/25

COMMISSIONER OF INCOME TAX IN MYSORE.

Bangalore,
15th August 1925.

--;0;--

13

REPLY

(To be written on this margin.)

Office of the Dewan of Mysore.

NOTE.

Dated 15th August 1925.

A copy of the notes of discussion at the Residency, Bangalore, on the 14th instant, regarding income-tax matters, between ~~one of the~~ Income-Tax Commissioner in Mysore and the Government of India officers is forwarded with compliments to the Revenue Secretary to Government for submission to the Second Member of Council. The different points referred to in the notes should be worked up and a report called for from the Income-Tax Commissioner in Mysore.

The Revenue Secretary to Government
with compliments.

Note on the informal conversations held at the Residency Bangalore, on 14th August 1925.

The first and most important question discussed was that of the interpretation to be put upon the words "total income" in section 16 (1) of the Mysore Income-Tax Regulations, 1923. This covered the cases of the Madras and Southern Mahratta Railway Co., and the General Assurance Society, Ajmere, mentioned in the Agenda and also several questions raised before the Member, Central Board of Revenue, by the Madras Chamber of Commerce. The Mysore Commissioner contended that "total income" in section 16 (1) of the Mysore Regulation means the total income of the assessee in British India and is not confined to income liable to Mysore tax. This interpretation is based on

(a) the fact that the British Indian Income referred to in section 10 (4) of the Mysore Regulations is included in the definition of total income in section 16 (1) and

(b) the words "save as hereinafter provided" in section 4 (1).

It was stated that the Mysore procedure was in accordance with the opinion of their legal advisers. The Commissioner added that two or three cases relating to Supertax similar to that of the Madras and Southern Mahratta Railway were now before the Mysore High Court.

2. It was agreed that it was desirable to secure uniformity of principle and of practice and that it was preferable that doubtful points, where contradictory decisions would be embarrassing, should be settled by the administrative authorities rather than that they should be referred to the different High Courts for judicial determination.

3. It was also agreed that it would be advantageous to both parties if the Mysore Government could be kept fully informed of the principles and methods of assessment as adopted

in British India especially in the neighbouring provinces of Madras and Bombay.

4. Pending the decision of the Mysore High Court on the cases now before it, the Mysore Commissioner stated that it was impossible for his Government to come to a definite opinion on the question of Supertax.

5. The Member, Central Board of Revenue, suggested that the Mysore Government should reconsider their interpretation of "total income" and should consider whether the advantages of uniformity of principle and application did not out-weigh the financial advantages of the present interpretation of total income as including income which has accrued or arisen in British India but has not been received in Mysore.

6. Whether the agreement between Mysore and the Government of India is equally applicable to British India and to the Assigned Tract of Bangalore.

The Mysore Commissioner stated that he was prepared temporarily to concede the principle that the relief should continue to be given, that for fiscal purposes the Civil and Military Station might be regarded as part of British India and that the special reciprocal agreement might be applied; but he wished to work the matter out and see the actual results.

7. The cases of the United Coffee Supply Co. Coimbatore and the Coimbatore Spinning and Weaving Co.

The Mysore Commissioner stated that he had not heard of these cases. The assessees did not appeal to him. The Resident pointed out that one of the Companies had written to him and that he had directed them to appeal to the Mysore Deputy Commissioner. The appeal was filed but was rejected as out of time. The Mysore Commissioner said that the Mysore Government accepted as far as possible the instructions in the (ಆದಾಯ ತೆರಿಗೆ) Incometax Manual.

8. It was suggested that the Resident should write to the Mysore authorities asking them whether they accepted the principles

15

laid down in paragraph 82 of the Incometax Manual and whether they would agree to apply these principles in future.

9. Extension of the present agreement so as to include dividends and incomes derived from professions and vocations.

With regard to dividends it was agreed that income from dividends arising in British India and received in Mysore should only pay tax in British India and vice versa, the Government in whose jurisdiction the dividends would be included in total income under this arrangement should give any refund to which the assessee is entitled under section 48 (1) of the Indian Incometax Act and Section 48 (1) of the Mysore Regulations.

10. It was also agreed that the principle of section 10(2) of the Mysore Regulation and of the agreement embodied in Finance Department's letter No. 2134 dated 14th June, 1924, should be extended to professions and vocations.

The additions and alterations noted in pencil in paras 5 & 7 are those suggested by the I.T. Comr (Mr V.R. Muthanna Iyer) in his D.O. No. C 737/24-25 of the 15th August 25 to the Dewan.

In regard to paras 9 & 10 Mr. Muthanna Iyer writes

"I agree to this as a general principle
"subject however to the details &
"and results being worked out
"satisfactorily in a few hypothetical
"cases".

27/8/25

File No. of 19

Serial No.

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WD 95—GPR—12 books of 100 pp each

Chudo[illegible] for open[illegible]
but cut this slip across

CONFIDENTIAL.

ON MYSORE GOVERNMENT

Confidential

To

Pages 16-26
G.O. Files 53-24-

R. RAGHAVENDRA RAO, Esq., B.A., B.L.,

Member of Coun[illegible]

Secretary to Govt.,
Revenue Department.

General and Revenue Secretariat. | File No. | of 19

Serial No. 19

Mr. Engl —

Received with compliments Dewan's DO 5 d 16th Inst & enclosures dealt herewith in a closed cover.

20 Please look up with the previous refs received from Dewan & Mr Jagannatha Iyer, & note on each point & submit drafts also for Govt.

21 Please compare carefully the each point (a) note (b) Resident's letter, (c) Dewan's letter & (d) Mr. T. Iyer's note & letter to Dewan

Lee
17/5/11

C/S. Finn
h
1870

22 — The previous references received from the Dewan & Mr Thyagaraja Iyer which were since sent back to the Pouneh are put up as ordered Vide pages 6 to 15 supra (Pages 16 to 26 are Confidential papers enclosed in the Sealed Cover)

23 In the following notes the Comparison ordered in the last para. of the 1st member's minute above is made and the points arising from the several notes & letters mentioned above

NOTE.—Contd. Sheet

Serial No.

Serial No.

are fully discussed and the action required to be taken with reference to each of these points indicated. Drafts of letters required to be addressed in connection with some of the points are also put up for consideration as directed.

2 4 The first question for consideration at the informal conversations on the 14th August 25 was related to the proposal "Extension of the present agreement so "as to include dividends and incomes "derived from professions and vocations "for the purpose of mutual remissions "of income-tax." The remarks of Mr. Thyagaraja Iyer and those of the notes received from the Residency relating to this subject are compared below:—

Mr. Thyagaraja Iyer's remarks

This was considered desirable; but I suggested that the results of the proposed extension should be worked out in a few hypothetical cases so that the financial effects may be clearly brought out.

Remarks in Residency note

Para 9

With regard to dividends it was agreed that income from dividends arising in British India and received in Mysore should only pay tax in British India and vice versa in the Govt in whose jurisdiction The dividends have been included in total income under this agreement should give a refund to which assessee is entitled in 48 (1) of the Indian Act & the Mysore Act. It was also agreed

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | File No.

Serial No.

The principle of Section 10 of the 1918 Mysore Rules and the Agreement embodied in Finance Deptt's letter No 21 34 7 14-6-24 should be extended to professions & vocations

The difference between "Considered desirable" and "agreed" does not appear to be very material at this Stage of the negotiations as according to para 1 of the Resident's letter to the Dewan the discussions can only be regarded as "informal Conversations" preparatory to subsequent "official discussion and "agreement on the main points dealt "with" When the Residency note was Communicated by the Dewan to Mr. Nyasanja Iyer, the latter wrote that he "agreed to this as a general "principle subject however to the "details and results being worked "out Satisfactorily in a few "hypothetical cases" This has also been Communicated to the Residency in the Dewan's D.O. letter. The decision recorded may therefore be taken as what has been agreed to informally on behalf of the Mysore Govt.

25 In the matter of relief from double taxation levy of income-tax on dividends, the same decision as has been recorded in the Residency note has been previously arrived at by the Mysore Govt and a Circular an official Communication has also been addressed to the Residency (Vide letter No. Pol 835/J. J. 23-24-4 dt. 1.4 in which H. H's Govt have agreed the

NOTE—Contn. sheet.

Sl 4 in Col. 4 filled N

Seria No

" it is desirable to have an understanding
" under which income from dividends
" accruing in British India and received
" in Mysore, and accruing in Mysore
" and received in British India are
" subjected to tax only in British
" India and Mysore respectively".
This was in reply to ~~an enquiry~~ a request
for a suggestion made by the Residency ;
but we have no Communication confirming
the proposed understanding has been
received from the Residency. In the
Residents Do. No. 6800 of 15-8-25 to
the Dewan (para 3) it is stated that the
Resident hopes ~~to hear~~ soon to hear
officially from Mr Tottenham regarding
the extension of the present agreement
in the matter of reciprocal remissions so
as to include dividends and incomes
derived from professions and vocations
When the official Communication comes we
have only therefore to invite attention
as regards "dividends" to our letter of 1-4-27
and to agree to the proposed arrangement
As regards refund of tax the arrangement
proposed follows that for credit of tax
and is quite reasonable & may also be
accepted. In fact this is what has
been previously decided by us and
Communicated to the D J Govt on a
question referred to for orders by them
some time ago (Vide F. File 31-22-27).

Mr Kumbhat Rao
P. S. on proposal
Then put up 22/5

NOTE—Contn. Sheet
R 2 Mr Martin

J. R. S. III-21

General and Revenue Secretariat. | File No. of 19

Serial No. 8

File with blue

As the considerations mentioned in paras 1 & 2 of the Report file 23 of 1924 apply also to incomes derived from 'professions and vocations' the extension to these cases also of the proposed arrangement may be agreed to when the official communication from the Residency is received

2) The second item considered at the discussions was the method of computing income from businesses operating in British India and Mysore State; e.g. Mysore Ry Co, United Coffee Supply Co of Coimbatore Coimbatore Spining & Weaving Co General Assurance Society of Mysore Aspinalls', Calicut — The points reported by the I.T. Cmr & the Residency are fully Centained in paras II of note on page 10. above and paras 1 to 5 of the note on page 14 above - These points may be briefly summarised as shown below:-

I.T. Cmr

(1) Central Board members did not agree with the interpretation of 'total income' given by our Legal Dept & Govt, and that in the Courts bringing to notice that Section 16(1) of the Mysore I.T. Regn of 1923 was expressly drafted so as to cover the interpretation put on it by us. The Hon: The Resident offered to refer to the papers on the subject

(2) It was considered desirable that the principles laid down by the Govt of India Income Tax Manual should as far as possible be given effect to in the disposal of individual cases involving this question.

NOTE—Portion blocked.

Residency

Para 1 summarises the discussion but makes no reference to the Resident's offer to refer to the papers relating to the definition of "total income" in Sec 16(1) of the Mysore Regn of 1923

In para 2 it is stated that it was agreed that it was desirable to secure uniformity of principle and of practice & that it was also desirable that doubtful points where Contradictory decisions would be embarrassing should be settled by the

J. R. S. III-2]

General and Revenue Secretariat. | File No. | of 19

Serial No.

(3) The desirability of keeping the Mysore Income Tax Dept in touch with the I.T. Dept in administration of British India especially of decisions of Bombay was urged by the Court in this connection and one of the paras in the Residency note deals with it

administrative authorities rather than that they should be referred to the different High Courts for judicial determination

Para 3. Advantage to Mysore Govt of the fully kept information of the principles and methods of assessment adopted in Br India.

Para 4. Impossibility of arriving at a definite decision by the Mysore Govt on the question of suspending disposal of the cases now before the Mysore High Court.

Para 5 suggestion of the member Central Board to consider whether the advantages of uniformity of principle and application did not outweigh the financial advantages of the present interpretation of total income

28 The Court of I.T. to whom these notes were communicated has no remarks to offer on these paras of the Residency note. In para 4 of the Resident's D.O. letter he desires to be informed in due course of the result of the judicial proceedings in the Mysore High Court regarding the interpretation of "total income" and if the Court's decision conforms to that stated in para 5 of the Residency note there would be no difficulty in ensuring uniformity of principle and of practice between Brit India & Mysore. In para 5 of the same letter he also suggests our addressing him officially regarding the supply of the information referred to in paragraph 3 of the Res^y note

re again the District strucken the words "it was considered desirable" and "it was agreed that it was desirable" may be ignored for reasons already stated above

NOTE—Comm. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 19

Serial No.

The request for Communicating the results of the Chief Court's decisions on the cases pending before it involving the definition of "total income" of business carried on both in British India and Mysore may be complied with when the reports of the Chief Court's decisions are received. A draft letter to the D.J. Court asking them to report the results as soon as they are known to

Draft ① yes. Ok

us perhaps on receipt of D.J. Court's reply it may be communicated to the Residency as proposed in Dewan's report to the Resident. The suggestion contained in para 5 of the Residents letter to address him officially regarding the supply of information to the Mysore Govt regarding the principles and methods of assessment adopted in British India with a view to make them uniform in Mysore & British India may be considered after later on after receipt of the report of the Chief Court decisions called for from the D.J. Court and after it is decided both influence to the decisions arrived at ~~and after it is considered~~ by the Chief Court whether it is necessary or desirable or whether it is right as the Mysore law now stands to allow a departure from ~~the Mysore~~ what is authorised by the Mysore law & practice with a view ~~to~~ the aim at uniformity of

NOTE—Contn. sheet.

principle & procedure in Mysore & in British India. It will be seen from what is stated in the succeeding paragraphs that the question involved in this subject is not merely one of uniformity of principle & practice adopted by the two Governments but other important considerations which resulted in the promulgation of Sections 16(1) of the Mysore I.T. Regn of 1923. As however the question of supply of information by the British India Admn was raised by the Govt of I.T. he may be asked to report ~~on that after the Chief Court decisions referred to~~ on what points he wants information and to specify the exact nature of the information desired as suggested in para 4 of the Resident's D.O. letter. It may be mentioned in this connection that it has not been considered necessary by the Govt of India to endorse copies of all the Resolutions & Circular instructions in matters relating to I.T. Administration in compliance with one request made to them some time ago, on the ground that all of them are incorporated in the Income Tax Manual. This is done. The matter has been dropped on this supply, but it will be useful to know how the decisions considerations on which the decisions incorporated in the Govt of India I.T. Manual are based before adopting them in Mysore as suggested by the Central Board members if we should decide on adopting a uniformity of principle and procedure. On receipt of the I.T. Com's reply & of the report of the Chief Court decisions, we may address the Govt of India Residency as suggested in para 5 of the Resident's D.O. letter.

and as noted by me in this the Diwan's reply thereto has been communicated to the Govt of I.T. in the D.O. dated 20/12

x W. Venkatachar.

Please put up. This corrects the subject & This should be flagged for the date mentioned

27/2/25

Vide papers flagged A.

29 As regards the important question raised in the notes of discussion about the interpretation to be put upon the words "total income" in Section 16 (1) of the Mysore I.T. Regn 1915, its influence is invited to the notes in the files relating to the cases now brought before the Chief Court which were previously referred for the orders of Govt by the Court of I.T and the action taken by the reference to which matter is now under question. The legal points involved in these cases are fully discussed both in the Branch notes and in the L.L. Secy's note furnishing legal opinion. These points have also been explained to the Residency in reference to the assessment of the General Assurance Society Ajmere about which the Residency addressed us some time ago. From a perusal of these notes and papers, it will be seen that the decision arrived by us in regard to the assessments relating to these cases was not so much one relating to the interpretation of the rules & regulations but one of enforcing the clear & specific provisions of the Mysore Income Tax Law in the matter of computing total income for purposes of assessing Companies carried on both in Mysore & in Br India. So far as Govt are concerned. They have no doubt whatever of the provisions of the law, but the assessees having referred their cases to the Chief Court, the decision of that Court has therefore now to be awaited. This position has been recognised in para 1(a) of the Residency note of discussion

30 As regards the suggestions contained in paras 2 & 3 of the Residency note betony that the members of the Executive Board have not clearly understood the exact situation in regard to the application of the Mysore Law in the assessment orders appertaining to these cases.

J.T file 46-20 Collection Hyderabad J.

Vide X b y I.T file 1-24 (5-8) Hyderabad & Kolar notes in the file

[P.T.O.

In the first place that the suggestion that only a question of "interpretation of the rules is involved in this matter is wrong as has been pointed out above. In the second place the suggestion in para 5 that "the financial advantages of the "present interpretation of total income" is considered "outweighed by the Mysore Govt as outweighing "the advantages of uniformity of principle and "application" attributes motives to the Mysore Govt which it is necessary to emphatically to repudiate as it is not Consideration of financial advantage that have influenced the action but the application of the clear and specific provisions of the law authorising ~~levy of tax at the rates~~ the levy of rates of tax at which total income including British Indian income is assessable. Thirdly when the provisions of the Section 16(1) of the Mysore Act are different from those of the Corresponding Section of the British Indian Act, it is not clear how the members of the ~~Central~~ Board of Revenue can expect any uniformity of procedure in Mysore & Br India. The suggestion in para 2 that "doubtful points ..... should be "settled by the administrative authorities rather than that they should be referred to the different High Courts for judicial determination upon the fact that the references to the Chief Court were not made by the Govt but by the parties themselves to whom it is open to do so under the provisions of the I.T. Law and that it is not for the Govt to prevent the parties from referring cases to Chief Court should they consider any assessment order unfavourable to themselves nor to curtail ~~the~~ the authority of the Chief Court in the exercise of what is conferred by law

on them to determine when parties ought make such determination at their hands). It is also difficult to conceive how settlement of doubtful points by administrative authorities can be expected to supersede judicial determination by Chief Courts when parties obtain decisions favourable to themselves.

31 From what is stated above the suggestion, that doubtful points should be settled, with a view to settle contradictory decisions, by the administrative authorities rather than be referred to High Courts for judicial determination, is not a feasible one nor is it desirable to allow any departure from the wholesome provisions of the Income Tax Law giving the parties aggrieved parties an opportunity to seek judicial determination on doubtful points of law. It is not also right to curtail the powers of the Chief Court in matters which it is competent by law to determine when such determination is sought by parties.

32 When the Comm. of I.T. brought to the notice of the Meeting that Section 16(1) of the Mysore I.T. Regn. of 1923 was expressly drafted so as to include income in total income the profits of business in British India for the purpose of fixing the rate of assessment, and that the Hon'ble the Resident said that he wanted papers on the subject. If after referring to the papers the Resident should ("it is quite possible that he would") propose the amendment of the Section, it has to be considered if the amendment should be accepted. There is no reason why there should be any amendment of Section 16(1) of our Regn. If the move for amendment is on the ground of hardships to parties, as may be inferred from the reference

in para 6 of the Residency non to questions raised by the madras Chamber of Commerce, Hisher he it has to be noted that there can be no inconvenience or hardship whatsoever to the parties. What Section 16(1) of the Mysore Regn authorises is assessment of income tax ~~at the rate~~ on profits accrued in mysore (and that alone) at the rate at which the total income including British Indian income is assessable. ~~The Mysore income including~~ The Computation of total income under the Regn is intended only to fix the capacity to pay tax and therefore the rate at which tax has to be assessed and creates no new liability not enforceable by the I.T. Regn or the general principles of I.T. law. Under the Reciprocal Agreement with the Govt of India, that Govt has to allow to Companies in Br India transacting business both in Br India & Mysore a refund equal to the tax levied by the Mysore Govt. The Govt of India assess tax on the total income including profits earned in mysore at the rate applicable to such income under the Finance Act which is higher than the Mysore rate applicable to the same income. If the Govt of India refunds from its ~~Collection~~ recovery the mysore tax merged in the higher rates levied by them, the ~~assessee~~ assessee has nothing to actually made complain of. If the assessees have any grievance on account of Section 16 (1) of the Mysore Regn, it is because of the refusal of the Govt of India to sanction the refund applied for by the assessees. The amendment of Section 16(6) if proposed by the Govt of India cannot therefore be with a view to afford any relief to assessees. It can only be explained by the reluctance of the Govt of India to forego ~~the~~ financial advantages to themselves by ~~saving~~ the higher rate of refund which on assessment under the existing Section 16(6)

involves. ~~As will be seen from~~ ~~that is stated in para 5 of the Residency note it will be seen~~ Would in these circumstances be justifiable for us to convey a request to the Govt of India in quite the same terms as those contained in para 5 of the Residency note viz that considerations of financial advantage should not be permitted to outweigh the advantages of removing hardships to assessees and of ensuring the harmonious working of the Income Tax Act in the respective territories.

Page 5 & 6 of the printed collection [illegible] X.

33 As already noted by the Secretary when negotiations were going on in respect of the existing reciprocal arrangements, the Govt of India already enjoy an unfair advantage in assessing Mysore profits on the British Indian rates and retaining to themselves the excess over the Mysore rates, for which there is no justification. Even as total income is now assessed ~~at~~ under Section 16(1) your Rep: the Govt of India are not deprived of this advantage due to difference of rates between Mysore & British India and ~~as~~ not it is not fair on their part to add to this advantage by forcing Mysore to levy smaller rates of tax ~~from those~~ from those who are able to pay higher rates and ~~adding~~ retain this advantage also by denying it to Mysore.

34 For the reasons mentioned in the foregoing paragraphs we are quite justified in retaining [illegible] section 16(1) of the Income Tax Act and in repudiating any proposal for its amendment so as not to include in total income the business profits earned in Br India - the

uniformity of principle of procedure which it is the object of the present negotiation to secure has thus been lost by recognising the need to allow refunds to parties in respect of duty on income tax paid by them in accordance with the Reciprocal Agreement and by issuing clear instructions to all income tax officers of the Govt of British India. The case of the D.J. officer of Coimbatore on the application for refund of the United Coffee Supply Co (P) Ltd of Coimbatore requires the file relating to which has been separately submitted requires perusal in this connection as indicating the ~~temper of the orders issued in matters~~

35 One of the two cases referred to in para 4 of the Residency note viz that of the United Coffee Supply Co has been refunded both by the Residency and this is separately under submission. The principles contained in para 2 of the Govt of India D.J. Manual are followed in regard as stated by the Court of D.J. at the meeting and there can be no objection to the adoption of those principles when there is clear evidence of the relations of the parties transacting business in the respective territories on behalf of each other. When as suggested in para 6 the Resident addresses us in the matter we may reply to say that we accept the principle contained in para 2 of the G.I. D.J. Manual in so far as the facts of each case and the evidence adduced allow of our D.J. officers applying those principles

Serial No

36 The Third Subject Considered at the meeting related to the ~~question~~ ~~whether the Extension~~ question " Whether The Mysore Govt admit Thas " the agreement between mysore and the " Govt of India is equally applicable " to British India and to the Assigned " Tract of Bangalore.

37] The J.-J.-Comrs remarks with reference to this are Contained in para III of the note accompanying his D.O. letter of 15-8-25 (on page 11 of these notes) and the Residency note of the discussions relating to this Subject in para 6 of the Residency note (on the reverse of page 14 of these notes). These notes are Compared below: —

J.-J.-Comrs

Mysore J. J. Rules not being in force in the Assigned Tract, advantages of Reciprocal agreement Should be extended to it. Existing arrangements Should Continue & The question is whether Something more Should not be done. The peculiar position of the Tract was recognised and it was Considered that the financial effects of an Extension of the agreement to the Tract Should be investigated beforehand. Reference is made to the Case of Haji Abdul Rahiman No now before the Chief Court.

This case has since been decided by the Chief Court in favour of Govt. It has been held that the firm is liable to sue the Govt.

Residency

The Mysore Comrs Stated that he was prepared temporarily to admit the principle that the relief Should Continue to be given, that for fiscal purposes the Civil Station might be regarded as part of Br. India and that the Special reciprocal agreement might be applied; but he wished to look the matter out and see the actual results.

38 The only alteration suggested by The Comrs of J. J. is the Substitution of the word "concede" for " admit" ~~to concede~~ in the Residency note & this has been Communicated to the Residency in the Dewan's D.O. But Comparison of the two reports recorded above

(Entered file).

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shows great divergence between the two
The Cstm Stations existing Reciprocity arrange-
ments between Mysore & the Govt of
India do not now apply to Cstm Stations
There is at least nothing on record.
Some questions which arose for discussion
between the Cstm Station authorities
and the Mysore & C-I authorities have been
settled amicably without reference to the
Reciprocity agreement with British
India - what the Court has said is
that the existing arrangements should
continue and that the advantages of the
Reciprocal Agreement should be extended
after the financial effects of such
extension are investigated.

x "Continuing"

The report in the Residency note is
that the principle of "Continuing" the
relief to the trade is "admitted" or
"conceded" This latter Statement is
not correct and the discrepancy has
the point out. In the Dewan's D.O.
of 16.8.25 to the Resident it is stated
that the subject of para 6 of the Residency
note will be referred to the Deptt Concerned
and that an official Communication
is afforded to the trade after
the question is examined thoroughly
When this Communication fixes the discrepancy
has the point cast and it has to be
explained whether the principle of the Reciprocity Agreement

To note, file & have agreed. See

Serial No

now applies to Cdn States and whether it is only its Continuation that ~~has to be Considered~~ requires Consideration or whether it is the application now of the principle that is the Subject of discussion.

39 It is also stated in the Residency note that the principle was "admitted" or "Conceded" as to Cochin by the Commissioner "that for fiscal purposes "the Cdn States might be regarded "as part of Br India & that the special "Reciprocal Agreement might be applied What is stated in the Commissioner's original report is "that the peculiar position "of the tract was recognised" This is an important discrepancy which should have been pointed out and it is not understood how it escaped attention. It seems necessary to challenge the position ~~that for fiscal~~ suggested in the Residency note that for fiscal purposes the Cdn States might be regarded as part of British India. It is not a fact that for fiscal or any other purposes the tract is part of Br India. It is part of the territories of His Highness assigned to the Br Govt, and even as regards fiscal arrangements, the position is quite different from what is suggested or even might be urged in the Residency

NOTE—Contn. Sheet.

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~~Note~~ ~~note & keep~~ and fact from its being a part of Br India for fiscal purposes it is actually a separate unit in respect of which it is necessary to ~~arrange for same~~ Consider some special arrangements exactly similar to those existing between Mysm and British India to regulate the adjustment of taxn on incomes subject to double levy in Br India and the Ctm Statn

4) It is fortunate that the inclusion of this third subject on the agenda of the informal discussions was conceived as it has given us an opportunity of clearly examining ~~our~~ the position as regards income tax administration in the Ctm Statn is concerned and to explain to the Govt of India the financial interest of Mysm involved. Otherwise Govt would have had no occasion to raise this important question for discussion and settlement, and even though it might have been raised indirectly (it was intended to be raised in the Finance Dept in connection with the examination of the Proforma account maintained for determining the surplus revenue of the track payable to Mysm) it could not have received that attention which it would have and indeed would demand in this connection

NOTE—Contn. Sheet

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4) It is not clear whether incomes or profits accruing in Br India and received in the Ctm States of Bangalore are being credited to Br India or the States. It does not appear likely. Exact information has to be elicited on this point and if the practice is not what it should be by virtue of the Ctm States being a separate unit outside Br India in which Mysore is financially (and even otherwise interested), it will be necessary to insist on the peculiar position which the Ctm States holds being clearly recognised as it was in the Cowie's D.o. of 15.8.2 and to induce the Govt of India to agree to introduce Reciprocal arrangements between Br India & Ctm States similar to those now existing between Mysore & Br India. An arrangement of this kind between Ctm States & Br India is more important to us than one between Mysore & Ctm States in respect of which the proposal for discussion has emanated. This aspect of the case requires very careful consideration both from its political and financial importance and the opportunity now afforded should, it is submitted, not be lost to press for a definite decision in the matter and the introduction of some satisfactory arrangement which will

NOTE—Contn. Sheet

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ensure the safety of the vital interests to persons involved in the question.

42 As regards the arrangements to be applied to cases of double levy of income tax arising for adjustment as between myself & the Cochin State, the Comm's suggest to "work the matter out and see the actual results" as reported in para 6 of the Residency note has been agreed to by the members of the Central Board and the matter may be referred to the Govt of I.J. as stated in the Dewan's D.O. to the Resident. A draft letter to the Govt of I.J. is putup for consideration;

Draft no (3)

43 On receipt of orders on the several points mentioned above, action will be taken with reference to such orders to pursue each point with a view to take final action as agreed to in the discussions and in the later correspondence relating thereto.

read
29.8.25

Rev Sec'y)

REPLY

Memo No. 9/1

Office of the Dewan of Mysore.

(To be written on this margin)

PARTY No. 944

19 — 19

Section.

File No.

S.

NOTE.

Dated 28th August *192*5.

Copy of D.O.letter No.6800 dated 15th August 1925 from the Hon'ble the Resident to the Dewan of Mysore regarding the discussion at the Residency of the various questions in connection with Income-Tax matters and an extract from Dewan's reply thereto dated 16th August 1925, are forwarded with compliments, to the Revenue Secretary to Government, for favour of necessary action indicated in the extract.

20 Aug. 1925

Rep. with a note
a/s
h
28/8

Please see file below and the noks for orders in it

Rev Secy)

29/8/25

THE RESIDENCY.

D.O.No.6800. BANGALORE, 15th August 1925.

Dear Sir Albion,

Mr. Tottenham (Senior ember of the Central Board of evenue) & Mr. Strathie(Income-tax Commissioner of Madras) met Mr. Thyagaraja Aiyar (Mysore Commissioner of Income-Tax) at the Residency yesterday in my presence for a free & informal discussion of the various questions which have arisen in connection with income-ta matters. I enclose two copies of a Note on these informal conversations, which, I hope, will be productive of good results in preparing the way for - official discussion and agreement on the main points dealt with. I should be grateful if you would let me know whether the Note is accepted by Mr. Thyagaraja Iyer as an accurate 1 represantation of his views: if he wishes to suggest any - corrections, I should like to embody them in the Note before I send it on to Mr. Tottenham and Mr. Strathie.

2. I am addressing you officially about the principle involved in the case of the United Coffee Supply Company of 2 Coimbatore(vide paragraphs 7 & 8 of the Note) with a view to obtaining the acceptance by the Mysore Government in - future of the principles laid down in paragraph 82 of the (Government of India) Income-Tax Manual.

3. I hope soon to hear officially from Mr. Tottenham regarding the extension of the present agreement in the matter of reciprocal remissions, so as to include dividends and incomes derived from professions and vocations. (Vide paragraphs 9 & 10 of the Note).

4. I should be grateful if I could be informed in due 3 course of the result of the judicial proceedings in the Mysore High Court regarding the interpretation of the phrase "total income" in section 16(1)(a) of the Mysore Income-Tax Regulation; if the High Court accepts the interpretation which is indicated in paragraph 5 of the Note there would seem to be no - difficulty in ensuring uniformity of principle & of practi

between British India and the Mysore State.

4 5. I ~~xxxxx~~ suggest that you should address me officially regarding the supply of the information referred to in paragraph 3 of the Note, specifying the exact nature of the information desired by you.

5 6. Shall I await an official communication from you as regards paragraph 6 of the Note ? In the meantime I suggest that the reciprocal relief now being granted might continue.

Yours sincerely,

Sd/ S.E.Peers.

Sir A.R.Banerji,Kt.C.S.I.,C.I.E.,

Dewan of Mysore.

COPY .

Extract from letter dated 16th August 1925,from the Dewan of Mysore, to The Hon'ble the Resident in Mysore.

.....

x x x x x

With reference to para 4 of your letter,as soon as the Mysore Chief Court gives a decision,I shall see that it is communicated to the Residency without delay. I note the suggestion made in para 5. As regards para 6, I am referring the matter to the Department concerned and I agree that an official communication may be sent from Mysore on the subject after the question is examined thoroughly.

.....

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44 Reference:- Member's Orders dated 17-8-1925 - paras 19-21 supra and also Dewan's Note dated 28-8-2 Mr. Rangachar has prepared an exhaustive note traver ing the several points arising in the discussions at the Residency Meeting. These are five in number.

45 I. Paras 1, 2, 4 and 5 of the note of discussio

The first and most important point is the inter pretation to be put on the words "total income" unde Section 16 (1) of the Mysore Income-Tax Regulation 1923. The official views of the Mysore Government are communicated to the Residency in the correspon- dence ending with Pol. No. 125 dated 10th August 192 in connection with the assessment of General Assuran Company, Ajmere. The question involved is purely one of interpretation of law and the decision of the Mysore Chief Court in the cases now before it is awaited. As promised in the Dewan's reply, the Chief Court's decision as soon as it is known will communicated to the Residency. A draft to the Inco Tax Commissioner to ascertain and report this fact a furnish the list of cases now pending before the Chi Court for decision on this subject has been put up.

46 II. Para 3 of the Notes of Discussion.

There is no objection to the suggestion made in this para. In fact the Mysore Government Income-T Officers are at present handicapped by their not obtaining necessary information in respect of asses ment made in the neighbouring provinces of Madras an Bombay. We may welcome this arrangement. As suggested in the Resident's letter (para 5) we ha address officially in this matter and a draft to th

Serial No. 1

Commissioner of Income-Tax to indicate the nature of the information that our Income-Tax Officers require from the Income-Tax Officers in British India is put up.

III. Para 6. - Applicability of the agreement between Mysore and British India to the Assigned Tract. - Mr. Rangachar has prepared an elaborate note on this question. (Paras 37 — 42) The Commissioner of Income-Tax has promised to work the matter up and see the actual results and accordingly a third draft has been prepared addressing the Commissioner to submit a report in regard to the proposed extension of the reciprocal arrangement to the C & M. Station.

IV. Paras 7 and 8.

The case of the United Coffee Supply Company of Coimbatore is being examined in connection with the official reference made by the Resident about it and it will be separately submitted.

V. Paras 9 and 10. - Extension of the present agreement so as to include dividends and income from professions and vocations. - In regard to the extension of the agreement of the dividends, we have already expressed our views to the following effect in Pol. 835 dated 1-4-1925:-

"It is desirable to have an understanding under which income from dividends accruing in British India and received in Mysore and accruing in Mysore and received in British India are subject to tax only in British India and Mysore respectively."

The same principle may apply to the other cases also.

In the Resident's letter we are informed that

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we may expect an official reference on this subje
This may be awaited.

2nd member)

31.8.25.

2071
31.8.

5? I agree to Mr Ramachari's notes & opinions. It is impossible to concede that [illegible] for income tax purposes should be treated as for Income tax in India; & his suggestion that the Error was not pointed out by the I.T.C. Similarly, reciprocal arrangements in lieu of High Court decisions are also impossible. Recall that besides the two Govts. there is a third party, the shareholder, & the non-contracting Company cannot enter into reciprocal arrangements except such as affect him financially. This is also financial loss & income involved. On these matters the Comm. might have made a firm stand. The other matters are for depreciation & decision as noted above. I agree to the drafts

DEWAN'S OFFICE
REGD. 3 SEP 1925
Reg. No. 2130

5 — 1/9/25

This may be submitted for Dewan's orders 2/9

2/9/25

Dewan) The drafts may issue.

2/9

6? Some Resident ?

General and Revenue Secretariat.

(50) File No. 944/7

of 19 .

Serial No

5 To.

The Commr of Income Tax no. Fl 1515 & 8.9.25

Requests him to report the orders of the Chief Court, as soon as they are passed on the I.T. cases referred to them involving the question of interpreting the term "total income" in Section 16(1) of the I.T. Rules.

6 To. The same office no. Fl 1516 & 8.9.25

Requests him to address Govt. in regard to the supply of the information required specifying the exact nature of the particulars required.

7 To. The same office no. Fl 1517 & 8.9.25

Requests him to submit a report in regard to the proposed Extension of the advantages of the present reciprocal arrangements to be applicable to the Assigned Areas of Bangalore

The file may be sent to the 2nd Member for perusal of the Dewan's orders.

Issued & file re-sent as required.

W 9/9.

B 11/9

S.T. 2nd Member for perusal of Dewan's orders

Lee 12/9

2474 11.9.

Commr may be reminded once a week till replies are read to all matters communicating

From

8 The Commr of Income Tax no. C 2068 & 12.9.25

Informs that the orders of the Chief Court will be communicated as soon as they are passed.

A reminder will be postponed on the 19th in respect of the other two points on which particulars

NOTE—Contn. Sheet

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Conf C

Asst Secy - Fin Dept.

I am directed to approve the
re minimal Concessions to be
I.T.C. & Mr Tottenham.

Please note the stages
(1) at wh. the various matters are

As already noted by me
Mr I.T.C. has conceded more
than was necessary & has accepted
the word 'agreed' when in his
own note that word is not
used.

Para 2, As I have noted
is not strictly & really correct
because, besides the two Govts,
there is the party concerned
& he will surely go up to the
respective High Courts if it suits
him; & besides, I am unable
to see how the two High Courts
can differ in interpretation as
the function of each is to
interpret law in each territory
They might perhaps make
observations. As noted by me,
in case Govt after a par,
Govt goes as far as the Chief
Comr & gets an adverse decision

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This open to them to move the Residency for changing the law, & then we come in the stage for negotiation, & not as agreed by our J.T.C.

2 The J.T.C. did never come agreed that C & M. Stn. shd be treated like Br. Indn. Officers of the I.G. would be that if a Bhopawar Officer resides in C & M Stn & receives his pay thro the Imperial Bank, he wd have to pay Income tax at British rates on such pay, & also in Bhopawar; & the final upshot would be that the C & M. Stn wd get the difference between Bhopawar & British rates.

The other points are not of Equal consequence. The difficulty in these agreements is that cases are being worked up & drafts sent up to Residency on a different & more Career basis; & Residency cd point to these agreements. It may be necessary to send a private & confl letter to Residency pointing out the Career position. The Assistant

Serial No.

may put up all the files, the various notes made by me, & the Drafts under Consid, & put up & Revised Consultn with Lt Secy & a Draft D.O. to Resid^y for Instrn.

This may be done before Journal to Mysore.

Lee
15/9.

Dir Sec of the Journal
Secy Cabinet
15/9.

54

BAULABROOIE,
HIGH GROUND,
BANGALORE.

13th Septr. 1925.

Dear Mr. Chandy,

I enclose a copy of the note, as finally approved, on the infor al conversations held at the Residency on the 14th August 19..5, on certain income-tax questions. I believe further action is being taken in the Secretariat. I shall be obliged if you will kindly see that all pending questions are disposed of early.

Yours sincerely,

K. Chandy, Esq.,
Member of Council.

Note on the informal conversations held at the Residency, Bangalore, on 14th August 1925.

.....

The first and most important question discussed was that of the interpretation to be put upon the words "total income" in section 16(1) of the Mysore Income-Tax Regulation, 1923. This covered the cases of the Madras and Southern Mahratta Railway Co. and the General Assurance Society, Ajmere, mentioned in the Agenda and also several questions raised before the Member, Central Board of Revenue, by the Madras Chamber of Commerce. The Mysor Commissioner contended that "total income" in section 16 (1) of the Mysore Regulation means the total income of the assessee in British India and is not confined to income liable to Mysore tax. This interpretation is based on

(a) the fact that the British Indian income referrs to in section 10(4) of the Mysore Regulation is include in the definition of total income in section 16(1) and

(b) the words "save as hereinafter provided" in section 4(1).

It was stated that the Mysore procedure was in acc dance with the opinion of their legal advisers. The Commissioner added that two or three cases relating Supertax simil r to that of the Madras and Southern Mahratta Railway were now before the Mysore High Cou

× The Mysore Commissioner also said that according to information Section 16(1) of the Income Tax Regulation V of 1923 was expressly odified from the corresponding section 13 of Regulation VI of 1920 so as to admit of the present interpretation put on the former by the Mysore Government and that the statement of objects ar reasons appended to the former bill would throw light on the point.

2. It was agreed that it was desirable to secure uniformity

uniformity of principle and of practice and that it was prefe: able that doubtful points, where contradictory decisions would be embarrassing should be settled by the administrative autho: ities rather than that they should be referred to the differe: High Courts for judicial determination.

3. It was also agreed that it would be advantageous to both parties if the Mysore Government could be kept fully informed of the principles and methods of assessment adopted in British India especially in the neighbouring provinces of Madras and Bombay

4. Pending the decision of the Mysore High Court on the cases now before it the Mysore Commissioner stated that it was impossible for his Government to come to a definite opinion on the question of Supertax.

5. The Member, Central Board of Revenue, suggested that the Mysore Government should re-consider their interpretation of "total income" and should consider whether the advantages of uniformity of principle and application did not outweigh the financial advantages of the present interpretation of total income as including income which has accrued or arisen in British India but has not been received in Mysore.

6. Whether the agreement between Mysore and the Governme of India is equally applicable to British India and to the Assigned Tract of Bangalore.

7. The Mysore Commissioner stated that he was prepared tem orarily to concede the principle that the relief should cont: to be given, that for fiscal purposes the Civil and Military Station might be regarded as part of British India and that special reciprocal agreement might be applied; but he wished work the matter out and see the actual results.

7. The cases of the United Coffee Supply Co., Coimbatore and the Coimbatore Spinning and Weaving Co.

The Mysore Commissioner stated that he had not heard of ese cases. The assessees did not appeal to him. The Resident pointed out that one of the Companies had written to him and that he had directed them to appeal to the Mysore Deputy

Commissioner. The appeal was filed but was rejected as out of time. The Mysore Commissioner said that the Mysore Governmen accepted as far as possible the instructions in the(Governmen of India) Income Tax-Manual.

8. It was suggested that the Resident should write to the Mysore authorities asking them whether they accepted the prin ciples laid down in paragraph 82 of the Income-tax Manual and whether they would agree to apply these principles in future.

9. Extension of the present agreement so as to include dividends and incomes derived from professions and vocations.

With regard to dividends it was agreed that income fro dividends arising in British India and received in Mysore sho only pay tax in British India and vice versa, the Government i whose jurisdiction the dividends would be included in total income under this arrangement should give any refund to which the assessee is entitled under section 48(1) of the Indian Income-tax Act and section 48(1) of the Mysore Regul tion.

10. It was also agreed that the principle of section 10 of the Mysore Regulation and of the agreement embodied in Finance Department's letter No.2134 dated 17th June 1924 shou be extended to professions and vocations.

Note:- The Mysore Commissioner agreed to the proposal in paragraphs 9 and 10 as a general principle, subject however t details and results being worked out satisfactoril in a few hypothetical cases.

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from the Comm have been called for.
WW
16/9.

59 Reference 2nd members minute of 15.9.25 in the Comm in regard to the informal conversation held at the Residency.
The various matters dealt with are.
(i) Interpretation of the words "total income."
(ii) Extension of the present reciprocal agreement with the British Govt to the Assigned Tract.
(iii) The cases of the United Coffee Coffee Supply co & the Spinning & Weaving co.
(iv) Extension of the present agreement so as to include dividends & incomes from professions & vocations
(v) Particulars regarding methods of assessment adopted in British India to be furnished to the Mysore Govt.

60 Re The styles of each case are noted below:—
(i) The cases relating to this have been referred to the Chief Court who have not yet passed orders. The Hon'ble the Resident has already been intimated that the decision of the Chief Court will be communicated in due course.
(ii) The "Comm" has been asked to investigate the financial Effect of the proposed extension & report before the End of Septr 1925

Note.—Contn Sheet

Serial No

(iii) The Commr has been separately asked to furnish a report as regards the United Coffee Supply Co, about which alone a reference has been received from the Residency. There seems to be no objection to agree that the principles laid down in para 82 of the Govt. of India manual will be adopted. But a formal reply may be sent after the Commrs reply is scrutinized -

Sd)

(iv) The Commr has also been asked to Exactly state what particulars are required & his reply is awaited.

The Residency were addressed long before this Suggestion to Supply Govt. with copies of circulars, instructions issued by the Central Board of Revenue from time to time; but in reply it was stated that the gist of these circulars etc are being embodied in the S.T manual which has been published & imposts resolutions are published in the Gazette of India. Now that they say that it would be advantageous to know the particulars regarding the procedure etc in British India we may ask for Supply of circulars, proceedings instructions etc issued by the Central Board also of the Local Govts of Bombay & Madras

(iv) This question came up before Govt. already & the Govt. have agreed that it would be desirable to Extend the present

reciprocal arrangements to Dividends. It is suggested that incomes from vocations & profession also should be included. The Hon'ble the Resident has already stated that an official reference would be made & it is awaited.

(b) Reference is invited to the minutes of the member in this file, as well as in the files relating to the Genera Assurance Co. & the levy of Super-tax on Companies doing business both in British India & Mysore in which the "total income" has been held to include the income of British India also. As the cases are before the Chief Court of Mysore judicial whether the Govt. may ~~refer~~ form Express an opinion, is for consideration.

(c) The Comm^r has not yet furnished his opinion in re (i) Extension of the arrangements to the C&M Station. The Income Tax, it would appear, is an All India Revenue & that several companies in the C&M Station E.g. Oriental Life Assurance Co, Messrs Spencer &co, are not being assessed. on the other hand, the assessment is being made at Bombay & Madras. In these circumstances, before after knowing what the financial effect would be, the Residency may be addressed -

A draft as ordered is suggested for consideration -

KV
17/9.

Serial No 64

Mag 'H'

A comprehensive draft incorporating all the points raised by the member in this & several other files re-pre questions under discussion has been put up for approval. The member desires that the draft should be passed by the Ld Secy before submission to him

1. with re- to ~~Total~~ the definition of Total income as per Secn 160) ~~Chaos~~ Suggested in the draft that after all we are following only the principle adopted by the (Govt of India) in assessing firms with HO & Brs in Br. India doing business in Mysore In this case they ~~take~~ Tax the 'Total income' of the business including Mysore Profits & give rebate only to the extent of Tax ~~paid~~ as appear to the I.T. officer in Br. India to be due to transactions in Mysore and they are thus getting the benefit of the ~~higher rate~~ difference in the rate — practically an unearned income since no portion of these profits accrued or arose in Br. India —

in addition to stating that the I.T. Regn of 1933 was specifically amended in order to admit of views held by the Govt it has been

66 It has also been pointed out in the draft that it is ~~impracticable~~ the suggestion to settle doubtful points where contradictory decisions by the different High Courts would be embarrassing by the administrative authorities is not practicable.

67 Re. reciprocal agreements with the C+M station it is understood that at present ~~negotiations~~ business in the C+M station having Head office in Br.

NOTE—Contn. Sheet

Serial No

India are not paying any income Tax at all in Ctm Station. I do not think there is any distinction ~~of Taxes~~ made in the Revenues of Ctm Station between Imperial & Provincial ~~Heads~~ Income Tax is an Imperial head of Rev in other Provinces. ~~I have not~~ If really there is such distinction made even for the CTM Station and Income Tax is are being credited to Imperial Revenues I think we should protest as we Stand to lose in the larger question of the Surplus of the Assigned Tract Revenue due by such an arrangement. I have not been able to get a Ctm Stn Budget Copy to verify what exactly the Posn is. In the proposed draft information is being called for as to the apportionment of Income Tax between Ctm Station & the Govt of India in order to enable us to decide about extending the 'reciprocal agreements' to Ctm Station.

7 Re. ~~applicability of~~ the acceptance of the principles laid down in para 6 we have agreed to adopt the same principles in the file relating to Coimbatore United Coffee Supply Co. That case which has been referred to us officially is separately under disposal.

Lanka 7/1

with re- to the extension of the present agreement to dividends & Professions & vocations Govt. have already ~~agreed~~ expressed its willingness with re- to dividends in Mr Reids case ~~although decided~~ mainly perhaps with a view to secure uniformity since

H of N'

Serial No

the advantage of the agreement in the case of dividends is all to Br. India as Mysore has very few joint Stock Companies. The same principle may be extended to professions & vocations since it is only fair that the place where the profession or vocation is exercised should determine the authority to whom Tax is payable.

! Although the draft reply we are putting up is only an interim one yet the points arising out of the discussions have been discussed in order to enable the Residency to know the views of Govt in the matter

Br
20/9

Rer Secy)

7' As ordered by the Member the files with the notes relating to the subjects dealt with in the informal conversation between the two representatives of two Governments held at the Residency on 14th August 1925 are put up. I would request reference to my note dated 31-8-1925. The further stages in which the 5 questions dealt with in the discussions are as follows:-

(1) Interpretation of the term "total income" under Section 16 of the Mysore Income-Tax Regulation. The Commissioner has reported that there are 10 cases before the Chief Court in which this question is involved. The

Serial No

Resident has been informed by the Dewan that the decision of the Chief Court will be intimated as soon as it is known. The matter is sub judice and in any case we must repudiate the suggestion of reconsidering the Mysore Government's interpretation of 'total income".

(2) As regards the proposed extention of the reciprocal arrangement to the C & M. Station the Commissioner's report has not been received yet. The subject is a very important one and it is desirable that the Financial Secretary's opinion be invited.

(3) No official reference has yet been received from the Residency as regards the extension of reciprocal arrangement to dividends and income from professions and vocations.

7 2 The other two subjects dealt with in the notes are small matters. The case of the United Coffee Supply Co., of Coimbatore has been officially referred to us and the ~~Excise~~ D.T Commissioner's views in regard to the rule laid down in para 82 of the Government of India Income-Tax Manual has been called for. His reply is awaited, On this question as well as on the point raised in para 3 of the Notes of discussion viz., the nature of the information that our Income-Tax Officers may require from British Indian Officers, ~~only an intermediate reply~~ At this stage therefore only an intermediate communication can be sent to the Residency ~~at this stage and this has been done.~~ The Assistant Secretary has ~~accordingly~~ put up a draft D. O. reply.

Vide dis[illegible].

To the Local and Legislative Secretary, with

NOTE—Contn Sheet

Serial No

compliments for favour of scrutiny and suggestion as desired by the Second Member.

21.9.25.

21.9.25

Serial No

7. The questions that have been discussed are the following:--

(1) Import of the term "total income" and re-consideration of the interpretation of the term.

(2) That for securing uniformity of principle and practice, doubtful points should be decided by administrative authorities rather than being referred to the High Court for judicial determination.

(3) Supply to Mysore Government from time to time of copies of circulars and other instructions issued in British India about the principles, methods of assessment &c., adopted there.

(4) Application of the reciprocal arrangement now in force between British India and Mysore to the Civil and Military Station also.

(5) Case of the United Coffee Supply Company Coimbatore.

(6) Acceptance of the principles laid down in paragraph 82 of the Government of India Income-tax Manual, relating to the assessment of non-residents

(7) Extension of the reciprocal arrangements now in force between British India and Mysore in regard to salaries and business earnings to Income under Dividends "and professions and vocations."

The papers in the file show that the Residency is expected to address the Mysore Government about item (6) namely acceptance of paragraph 82 of the Income-tax Manual, and that the Residency is awaiting Mr. Totenham's letter to address Government about item (7) i.e., extension of reciprocal arrangement to dividends, professions and vocations.

× This reference has been received and opinion of Comm'r. will be sent 15/10

Serial No

The Note of discussions also indicate that the Income-tax commissioner has proposed to examine the latter questions with reference to some concrete cases. In my opinion therefore, it is premature to offer any remarks to the Residency on these questions at this stage. The references promised may well be awaited and on their receipt the questions may be examined in consultation with the Income-Tax Commissioner and a decision arrived at and communicated to the Residency.

76 The case of the United Coffee Supply Co., (item (5) has been referred to us officiallly by the Residency and a report thereon has been called for from the Income-tax Commissioner. This may also form the subject matter of a separate reference after the report of the Commissioner is received.

— As regards the import of the term "Total Income", the view and interpretation of the Mysore Government have been put forward by the Income-tax Commissioner during the discussions. The matter is sub judice and the decision of the Chief Court is awaited. Further comment seems needless just at present. Besides an official reference has perhaps to be awaited if the Government of India wish to have the interpretation reconsidered. The attitude to be taken up by Government and the reply to be sent to the Residency may then be considered with reference to and in the light of the decision of the Chief Court.

oubtful points to be decided by the Administrative authorities rather than being referre

Serial No

to High Courts.

71 The law ~~in~~ as in force now contained in Section 66 of the Income-tax Regulation and the corresponding section of the British Indian enactment provides for the commissioner making reference to the High Court suo motu ~~or~~ on the application from the Income-tax authorities. The assessee may also apply to the Commissioner to state a case for the opinion of the High Court and in the event of the latter refusing to do so the assessee may himself apply to the High Court who may require the ~~xxxxxxxxxx~~ commissioner to state the case and refer it. Under any arrangement that may be entered into as now suggested, the Commissioner may ~~xx~~ possibly refrain from stating the case suo motu under clause (1) of Section 66, but nothing can prevent the parties from asking for a reference when they are adversely affected by any orders of the Income-tax authorities or the High Court from issuing ~~xxxxx~~ a mandamus insisting on the Commissioner making a reference. The ~~understanding and~~ agreement contemplated will thus be practically a dead letter. Besides the arrangement will be in the nature of a contract having in effect the defeating of the provisions of any law, to wit, sections 66 of the Income-tax Regulation and as such void under Section 23 of the Indian Contract Act.

72 The only way in which the object in view could be achieved would be by omitting section 66 entirely from the statute book and making Government the final authority in all matters. I submit

Serial No

that this course would be drastic and would be opposed to the wholesome provisions adopted elsewhere of allowing the judiciary to interpret the law contained in the Income-tax Act, and may not therefore be proper.

91 Keeping Mysore Government informed of the principles and methods of assessment adopted in British India. This calls for no remarks. In fa this is necessary and steps seems to have been taken already. A further reference may now be ma to the Residency, detailing the papers indicated by the Income-tax Commissioner in his letter of the 30th September.

Application of the reciprocal arrangements to the Civil and Military Station. This is a ver important question which has to be carefully investigated and considered from several points of view. The Civil and Military Station ~~is~~ forms practical part of Mysore and as such the arrangements with British India cannot be applied wholesale to this tract. There is no information to what head — Imperial Revenues ~~xxx~~ or C & M. Station revenue the receipts from Income-tax in the assigned tract is now being credited. This is a very important matter as, if the receipts are now being credited to Imperial Revenues the Mysore Government are losing what they could have got by way of surplus. Information on this point has first to be obtained before the question can be pursued further and any decision can be arrived at.

9144 11/38

G. R. S. III-2]

General and Revenue Secretariat.

File No. of 19 .

Serial No.

I learn that the hearing of the reference relating to the Tata Mills in which the question of the interpretation of 'Total income' came on before the Chief Court last week & the orders are reserved.

84 The decision of the Chief Court will thus be known shortly.

3. In my humble opinion it is best to await the decision before addressing the Residency. I have gone through the draft & find that it requires careful scrutiny in the light of the final decision of the Chief Court. I took time to study the important questions. Hence the Resident's delay.

8451/17/10

with Comp[t] 15

2nd member)

8/10
4
5/10

X 1) I feel that we have admitted too much in recording the memo of Conference & the more we delay putting matters right, the heavier will be the difficulty hereafter.

2. It is probably expedient to take up the several important questions separately with the Residency.

3. Re 'Total income' the decision of the Chief Court may be awaited, as noted by L-2-Secy.

4. Re matters on which Comr has to reply, please remind him urgently & inform him that no time can be lost in addressing the Resident.

NOTE—Contn. sheet.

11/46

125. Reference may now be addressed re the points noted from para 78 onward of L.L. Secy's note. Revised draft may thereafter be prepared in consultation with the L.L. It should be stated in the said Board's misconception, that other matters referred to in conference notes will be dealt with later.

Mee
10/10

Mr. Mumbai
by
14.10

9. From The Commr of Income Tax
M. C 737 & 30.9.25

~~Statistical~~
Mentions the references that may be obtained from the Central Board of Revenue.

Serial No. 21

Subd: with two drafts — one to the Residency in regard to furnishing particulars of principles & methods of assessment adopted in British India & (2) a reminder to the Commr.

2) The Commr who was asked to intimate the exact nature of the information required from the British Provinces mentions among others that details of income in British India of persons liable to taxation both in Mysore & British India. Reference is invited to the communications noted in D.T file 45-23 put up in which this question has been discussed. This, it seems, should form the subject of a separate communication. Subd.

WW
20/10.

93 Drfts for approval

B
22/10

Rev Secy) Drfts issued as per abstract

24/10.

No. H: 2275 Dt 26.10.16 from the D.T. Commr.

Requests him to expedite the submission of his reports on certain subjects discussed at the Residency Conference on 14.8.16

E.C. who commands over all

B

Serial No

95 2 drafts regarding Paras. 2 & 3 of the Final note are put up for consideration & for Cabinet's opinion

The question raised in para 7 of the note is dealt with in the draft, and a draft reply to the King's letter is also put up.

9839/28/10

2nd member (Mr. Kelkar) 96 After these drafts are approved and a letter reply, there are other points which are requiring consideration to which may arise.

k 26.10.25

97 I agree to both drafts in Sir's & Diwan's reports

Sd 29.10 k 29.10 CJ 27.10

Lee 29/10

Diwan)

k 30.10.25

98 Things may be submitted to Diwan after his return

99 The draft adopted by the Min may issue

Sd 30.10

Perhaps steps in which the other questions are to be submitted for Members' perusal & Diwan's. By 31/7

there is the letter & dispose of all questions finally

a/s Fin Immediate k 10/4

Subject. The other points are:

(1) The interpretation of the words "total income" & the decision of the Chief Courts on the reference made to it;

NOTE—Contn. Sheet

MAN'S OFFICE 30. OCT. 1925 No. 2063

Serial No

(2) ~~C.R.C.~~ the United coffee Works, Coimbatore.

(3) Applicability of the Agreement between British India & Mysore to the Assign Tract.

(4) Extension of the present agreement so as to include dividends and incom from professions & vocations.

Re (i) the decision of the Chief Court is awaited.

(ii) the file has been referred to the Ld. Secy for remarks.

(iii) the opinion of the Commr has been received is being worked up by the office

(iv) the Commr has promised to furnish his opinion shortly & its receipt is awaited.

Subd. with reference to the Dewans minute ~~by~~ para 100 Supra.

11/11.

Subd to 2nd member for perusal & Dewans orders. After ~~the~~ approved drafts are issued the file will be resubmitted to Dewan for perusal with reference to this query

4409 11/11

By

2nd Member) Drafts ahead approved. Pleas expedite the three matters

10/11 Immediate

10/11 Plan

The other points will be disposed off early. The steps they are in are noted for Dewans perusal

By 11/11

Dewan)

After the other points are disposed off early & the steps they are in are noted for Dewans perusal

12/11

NOTE—Contn. Sheet

Serial No.	To.
10.	The Secy to the Hon'ble the Resident no. Pol 373 dt 13.11.25. Requests him to arrange for the supply of 3 sets of papers mentioned for reference by the Mysore D.T. Officers.
11(a)	To. The same officer no. Pol 375 dt 13.11.25. Communicates the views of the Govt. in the matters settling ~~contradictory~~ doubtful points by the administrative authorities.
10	Subd. with reference to the Dewan's minute ~~of the~~ para 10 supra.
11	The questions discussed at the Residency & ~~the~~ action taken on them are noted below for information.

(1) Import of the term "total income". — The decision of the Chief Court on the references made ~~dt~~ awaited.

(2) Settlement of doubtful points by the adm: authorities. — Reply issued (Vide letter no. Pol 375 dt 13.11.25)

(3) Supply to ~~Mysore~~ Govt. copies of circulars etc issued in Por. India in D.T matters. — Letter issued no. Pol 373 dt 13.11.25.

(4) Application of the reciprocal arrangement to the C&M States — 112 Recd — The opinion of the Comm^r has been received & the question is being looked into.

(5+6) Case of the Nilgiri Coffee Supply Co. Coimbatore & acceptance of the principles enunciated in para 82 of the Govt. of India D.T. manual — Recd — Report from the Comm^r received. The file is under

(7) Extension of the reciprocal arrangement to dividends & incomes from professions etc. — 111 Recd 19.11 — Refer Para 10 Submission.

Dewan for perusal) — 14/11 By

Cont^n Sheet

Serial No

11 From

The Secy to the Resident

no. 10174 B/10.12.25

Requests that a copy of the decision of the Chief Court in regard to the interpretation of the expression "total income" in section 16(c) of the I.T. Rep^n may be forwarded.

113 Submd. W/ with a draft

W/ 11/12

From

12 The Same Office no. 10178 B/10.12.25.

States that the Central Board of Revenue & the Comm^rs of I.T., Madras & Bombay have been addressed as regards the supply of publications & Enquires whether the Mysore Govt require reports from all the major Provinces as well as the All India Reports & whether the suggestion to reconsider the interpretation of "total income" has met with approval.

114 Submd. with a draft to the Comm^r of I.T. as directed by the member. The other point will be taken up after the issue of the Drafts.

W/ 11/12

The Comm^r has already requisitioned for the All India Reports. (H.P.)

115 Two drafts are submitted for appr^l.

Re the portion in the Res^t letter relating to 'Total Income' the Res^t enquires whether any action is being taken to 'Reconsider' the present interpretation of 'Total Income' & the member has ordered 'For note this d.d. Secy'. As the Chief Court has not passed orders on this point a reply has been sent up to that effect. Kind attention is also invited to para 45 containing the Dewan's orders on this point

116 (1) Draft to Comm^r may go. B 13/12

(2) The ... I understand ... 14/12 OB

NOTE—Contn. Sheet

Serial No.

13

To.

The Comm[r] of I.T no. 7L 34348/10.12.25

Enquires if the reports of all major Provinces as well as the All India reports are required -

11 Subd. with reference to the Rev. Secy's note para 116(2) Supra -

118 A copy of the Govt's Advocate letter intimating that the Chief Court have held that "Mysore Income not otherwise chargeable to Super-tax cannot be made liable to it by adding to it the income earned & received in British India" & that the case is posted for final orders to the 21st Dec 1925 is put up. It may not be before the 3rd or 4th proximo that the order of the Chief Court will be received here.

119 In these circumstances whether the draft (ad-interim reply) may go is for orders.

KV 16/12

18.12.25

Rev: Sec:) 120 Plan pl. accept the FB decision — L 18/12

121 Subd. Accepted The decision of the Full Bench has not yet been received. The Govt. Advocate has intimated the substance in his letter of 14.12.25 and stated that he will send a copy of the order as soon as it is received by him.

KV 19/12

18.12

Rev: Sec:) 122 Plan renumd.

19.12.25

No is published in the Gazette L 21/12 22.12

May X

NOTE—Confn. Sheet

Serial No

125

Draft Subd
W
23/12

124 Issue CR 23.12.25.

To.

16 The Govt. Advocate
no. 46 71 g 23.12.25

Requests him to forward a copy of the Full Bench order.

Reminder from the Residency calling for a copy of the Mysore Chief Court's decision.

From The Govt. Advocate
no. 4578 5.1.26.

States that a copy of the Full Bench order will be forwarded as soon as the same is received.

125 Subd. The Copy of the Full Bench order has not yet been received. The Govt. Advocate states that he applied for the copy on the 14th Dec.

126 The Residency have sent in a reminder. It is understood that the Chief Court have not yet passed final orders on the reference.

127 May the receipt of the copy of the order be awaited?

W
7/1/26

Decision of the Chief Judge is contained in the Guardian of 19.12.25
H E.

Serial No 18

From

The Commr of Income Tax

no. C 7378 dt 4.1.26

States that it would be sufficient if the All India Report is supplied & arrangements may be made to supply this office with a copy

6194 11.1.

1st Draft Subd.

WW 9/1

By 9/1

Reqd (2nd member) 1 9.1.26

By

1st Apd

12/1/26

1st Issue

To.

20 The Secy to the Hon'ble the Resident

no. Pol 564 dt 12.1.26

States that it would be sufficient if copies of the All India Report are supplied.

20a. From The Commr of I.T in madras

no. CR 2348/25 dt 17.1.25.

Forwards 3 sets of circulars no I to LXXXI issued by him for the guidance of I.T. Officers.

135 Read letter to Pol Dept. Before forwarding to Pol Dept see if there is any objection to supply the copies asked for. 6/2/26 23/1

Subd with a draft letter to the Commr forwarding a set of the circulars issued in Madras & also draft acknowledging the receipt of the copies

WW 27/1/26

By

133

By 21/1

Rev Leg 1st 24/1

2nd member) Submit to 2nd member for perusal

WD 01264—GPB—40,000—17-12-25
App. F. III—2]

General and Revenue Secretariat

JT File No. 53 of 1924

	Serial No.	
23	21	To. The Comm'r of Income Tax, Madras no. H 4497 dt 27.1.26. Acknowledges with thanks the receipt of the circulars.
22	22	From The Secy to the Hon'ble the Resident no. 807 dt 27.1.26. Intimates that the Govt. of India do not take exception to the views expressed in the communication of 13th Nov 1925.
24	23	From The Same Officer no. 808 dt 27.1.26. Forwards copy of a letter from the Comm'r of Income Tax in Madras stating that 3 sets of circulars issued by them are being sent to the Mysore Govt.

15 Paper I under disposal is a reply from the Residency to our communication dt. 13.11.25 stating that it would not be proper to do away with the provisions in the I.T. Rules of allowing the judiciary to interpret the law. (Vide flag Z)

13 3 sets of the circulars issued in Madras have been received & a set is proposed to be sent to the Comm'r. Draft Subd

12 Meanwhile action is being taken separately to note the action that may be necessary on the important circulars, as minuted by the 2nd member in para 135 Supra

28/1 Rd. 29 P. U.D. I. Submit for perusal — 30 P. U.D. II is alone the Deputy Jr.

1/2 Some By

2 Reply to Resy re last para in Mad. Comm's letter

6836/31

NOTE—Contn. Sheet

Attd. with the file. Draft for approval. WD

Attn. Sirs

Replying to the Rear Admiral in charge the request of Chief Constable of the Metropolitan Police dated

Yours

By

Serial No

3 sets of circulars re I.T as requisitioned you. One set originally supplied to D.T.C. may be considered as included in this despatch.

2nd member) 4/2/26. By

141. Seen. ~~Please transmit the Comr of I.T. Madras~~

Ldc 4/2/26 By

To.

25 The Commr of Income Tax in Mysore
No. H 4279 dt 5.2.26
Madras I.T
Forwards a set of circulars re

142 Subd. with two drafts — one forwarding the orders of the Chief Court as called for in paper under disposal I & the other re circulars as directed on the previous page.

KW 5/2

143 B 6/2

Rw Secy 144 For personal inspection return

2nd member) 8/2/26. By

6992 9/2

145 Agd

Ldc 10/2

146 Issue at once

10/2 By

To.

26 The Resident
No. NL 673 dt 13/2/26.

Serial No

27 To.

The Secy to the Hon'ble the Resident
no. Pol 674 dt 13.2.26.

Informs that the supply of Madras circulars direct to the Commr may be stopped

To. The Commr of I.T. no. H 466 dt 13.2.26
Forwards copy of the above.

From The Secy to the Hon'ble the Resident
no. 1171 dt 6.2.26

28 Communicated the views of the Central Board of Rev. in the matter of supply of certain proceedings relating to Income Tax in British India.

147 Subd. with a draft to the Commr.

KW 13/2

Revd) B 18/2

2nd member) 148 In general lines issue

7263 19/2

149 Apd. h 28/2

150 1. Office usual to thank, by the Hon Resident & be asked to Comm Madras & C.B.

151 2. Please issue standing instructions to C. I. C, & also to state that Income Tax Manual & all additions & amendments stroke replaced for — a standing order being placed with Whoever supplies &

152 3 total Secs Add Pgs re Income Tax stroke studied & action taken for similar steps here.

153 There are some amendments before the present Session, Whi stroke pointed.

Extract taken & noted separately

EW 25/2

NOTE—Contn. Sheet

lee 20/3

Serial No 29

To.

The Comm[r] of Income Taxes

Forwards a copy of the Residency letter for information.

154 Subd. Reference is invited to para 2 of this office letter of 12.1.26 to the Residency — Sl 20 in the file. We have promised to send a separate communication regarding the interpretation of the expression "Total income".

155 A copy of the decision of the Chief Court has already been forwarded to the Residency. A further reply has now to be sent as promised on the suggestion made at the information conversation (referred to in the Residency letter of 10.12.25 — Sl 12 in the file) - Subd

KW 25/2

This will be taken up on my return from leave B 29/2

Reuters

Yr. Early Mem A 1/3.

COB 2.3.26.

Note—Contn. Sheet

53

4429

D.O. No. 2327.

The Mysore Residency,
Bangalore,

Dated 13th March 1926.

Interpretation of the phrase "total income" in Section 16 (1) of the Mysore Income-tax Regulation.

Dear Sir Albion,

Vide Judgment in Civil Misc. Petn. No. 16-27 156

Please refer to your demi-official letter No. R.C. 20 dated the 16th August 1925, on the copies of the Note on the informal conversations at the Residency, on the subject of Income-tax, forwarded to you.

157 The Mysore Government have supplied ~~xxpkxx~~ the Residency with copies of the judgment of the Chief Court of Mysore in Civil Referred Case No. 9 of 1924-25, dealing with the expression "total income" in section 16(1) of the Mysore Income-tax Regulation.

@ Assessment of the income of the Central India Spinning and Manufacturing Co., Bombay, to Super Tax for 1923-24.

158 Although this judgment of the Full Bench deals primarily with a question of "super-tax", yet Mr. Justice Plumer's remarks in the body of the Judgment appear to cover the case of "total income" for the purpose of "income tax" also.

Vide Judgment in Civil Misc. Petn.

159 The following words occur in paragraphs 3 and 5 of the judgment:--

> "It logically follows as it seems to me that income-earned in British India not received into Mysore ca no more be used to make Mysore income chargeable to additional income tax than it could be used to swell the amount of Mysore income chargeable in the first place to income tax".

And again 'if, in order to ascertain the total income, the effect of section 15(1) is to necessitate taking both incomes into consideration, and I am not at all to be held to agree that that is its proper interpretation and legal effect, then etc.'

160 In view of the remarks referred to and the above expres-

expression of opinion, it may now perhaps be possible to secure the uniformity of principle and practice between British India and the Mysore State mentioned in paragraph 4 of my demi-officia letter No. 6,200, dated the 15th August 1925. In this connectio may I refer you to paragraph 2 of this office letter No. 10178, dated the 10th December 1925 to the Secretary to the Government of Mysore, Revenue Department, in which it was asked whether, if the suggestion made in paragraph 5 of the Note on the informal conversations held at the Residency met with the approval of the Government of Mysore, they would be prepared to undertake legislative - action, if necessary, to give effect to it?

16 A reply to this communication is awaited.

Yours sincerely,

Sd. S.E. Pears.

Sir Albion Banerji, Kt., C.S.I., C.I.E.,
Dewan of Mysore.

Serial No.

163 L.L. see & with compliments
Sonto
Please put up this file &
a suitable draft re/s/g
Dewan's DO thereon
Lee
16/3

7964/16/3

h
16/3.26

163 • Draft is put up 16/3.
for consideration
2nd Number
Hon Revenue.

8035/17/3

17/3 h
17.3.
By

I agree. Please submit
to Dewan bepressae
Lee
16/3

Dewan

h
18/3
By

Draft approved by Dewan & issued.
The file is returned
Rao.
Ds.
PW 20/3/26.
20/3
By

NOTE—Contn. Sheet

C 205

D. O. No. 4782

THE RESIDENCY
BANGALORE,
Dated 8th June 1925.

Visit of Mr.A.R.L. Tottenham, C.I.E.,
to Bangalore.

G.T. 55-24-1

Dear Sir,

I am desired to say that Mr. A.R.L.Tottenham, C.I.E. First Member of the Central Board of Revenue proposes to visit Bangalore, accompanied by the Commissioner of Income-tax, Madras, arriving on the 11th and leaving on 14th August. During his stay he desires if there is no objection, to discuss outstanding income-tax questions with the Commissioner of Income-tax, Mysore, particularly the question of double income-tax relief as between British India and Mysore (in regard to which there are some outstanding problems), and some individual cases that need clearing up.

Yours truly
A. Sriniv
Registrar

for Major K.A.G.Evans Gordon.

K.V.Anantaraman,Esq., B.A.,
Secretary to the Government of Mysore,
Revenue Department.

PN
AVR

D.O. No. Pol. 1034

Revenue Secretariat,

Camp, Mysore, Dated the 10th

13th June 1925.

Dear Sir,

With reference to your D.O. letter No. 4752 dated the 8th instant, I am desired to state that His Highness' Government have no objection to the Income Tax Commissioner in Mysore meeting the First Member of the Central Board of Revenue and the Income Tax Commissioner of Madras during their visit to Bangalore and informally discussing with them all outstanding Income Tax questions.

The Commissioner of Income Tax in Mysore has been informed accordingly.

Yours Sincerely,

Draft for

Major K. A. G. Evans Gordon,
Secretary to the Hon'ble the Resident
in Mysore, Bangalore.

GENERAL AND REVENUE SECRETARIAT

Camp Mysore,

D. O. No. ~~C-46-43/37~~. Bangalore, Dated 10th June 1925.

13

Draft

J.T. 55-24-3

Dear Mr. Thyagaraja Iyer,

The Secretary to the Resident has intimated to Government that the First Member of the Central Board of Revenue and the Commissioner of Income Tax, Madras, are visiting Bangalore on the 11th August and that they will stay in Bangalore till the 14th idem. The First Member of the Board of Revenue desires to discuss with you all outstanding Income Tax questions, particularly the question of double Income Tax relief as between British India and Mysore and some individual cases that require clearing up. I am to inform you that you may meet the First Member of the Board of Revenue and informally discuss the matter without making any definite acceptances on behalf of Government.

A memorandum of your discussions with the First Member of the Central Board of Revenue may be submitted for the information of Government.

W. Draft

Yours sincerely,

To

V. R. Thyagaraja Iyer Esq., M.A.,

Commissioner of Income Tax in Mysore,

Camp Mysore.

1,000.69]

OFFICE OF THE COMMISSIONER OF INCOME-TAX
IN MYSORE.

No. C.737/24-25

Bangalore.....27th.....July.....192 5.

ENC.

Immediate.

426

GT. 55-24-4

Dear Sir,

With reference to your D.O. letter No. Fl. 6666 dated the 18th June 1925 asking me to discuss informally with the First Member of the Central Board of Revenue questions relating to double Income-tax relief etc., I request that, if there be no objection, the Secretariat File of papers or other printed records, if any, relating to the above subject as a result of the previous discussions may kindly be sent to me for reference.

Yours sincerely,

K. V. Anantharaman, Esq., B.A.,
Secretary to the Government of Mysore,
Revenue Department, Bangalore.

As Per
27.7
27/7

App.F.VI-G1.] B650

SUBJECT

Diary No. of letter replied to

General and Revenue Secretariat
( )
the 192

Date of issue 3.8.25

Signed by Dr. M.V. Ananda Rao

Papers relating to the introduction of the I.T. Act: Reciprocal arrangements } Printed

~~I.T. file 52-22 Vol 1-4~~

Relief from double income tax of incomes taxed both in Bor. India & Mysore (I.T. file 52-22 Vol 1-4)

Relief from double income tax of dividends taxed both in British India & Mysore (I.T. 23-24 Vol 1-4)

List of enclosures

Copied by

Examined by

Section

File No.

Serial No.

No. F 732/Encls 4/14-5

To

Dear Sir,

With reference to your D.O. letter no. C737 & 27.6. I am desired to forward the marginally noted files & printed collections relating to double income-tax relief.

The printed collections may be retained by you if required & the rest returned after you have done with them.

Yours Sincerely

30/7/25

V. R. Thyagaraja Aiyar Esq M.A
Comm'r of Income Tax
in Mysore

over

(1)

SUBJECT _____

_____

_____

Diary No. of letter replied to _____

File No. 9.T

Serial No. 55-24-5

[redacted]

( )

the *192*

No. H 1515

Date of issue 8.9.25

To The Comm^r of Income Tax

In B.S.R

Sir,

I am directed to request you to kindly arrange to report for the information of Govt the orders of the Chief Court, as soon as they are passed, on the Income Tax cases referred to them for decision involving ~~for purpose~~ the question of interpretating the term "total income" in Section 16 (1) of the Mysore I.T. Reg^n for the purpose of assessing for Mysore income tax and Super tax ~~for~~ the profits of businesses carried on

both in Mysore and British India. Pending Submission of this report a list of such cases pending before the Chief Court may be sent at once

Sd/- 27-8-25

For Revenue Secretary

List of enclosures.

Copied by

Examined by

(2)

SUBJECT _____

_____

_____

Diary No. of letter replied to

File No. 9.T.

Serial No. 55-24-6

~~Store Purchase Committee~~

( )

. the 192 .

No. 71/1516/

Date of issue 8.9.25

To The Comm. of I.T.

Sir,

I am directed to invite reference to para-11 (b) of ~~your~~ the brief note of the discussions relating to Income Tax questions discussed at the Residency on the 14 ~~October~~ August 25 — Sent with your D.O. letter No. C.737 dated 15th August 25 — and to request you to address Govt — in regard to the supply of the information required specifying the exact nature of the information desired.

Yours obt

for Rev Sec to Govt

27-8-25

over

Jn B.S.R

Dec

(3)

G. R. S. VI - G-32] —

B58—WD 0527-

SUBJECT

Diary No. of ~~letter replied to~~

Section GT

File No. 55-24

Serial No. 7

General and Revenue Secretariat

( )

, the 192 .

No. FI/1507/

Date of issue 8.9.25

Signed by Mr B.S.R

To The Comm^r of I.T.

Sir, I am directed to invite reference to para III of the Brief note of the discussions at the Residency on income Tax matters on the 14th August 25 sent with your D.O. letter No C737/24-25 of the 15th August 25 addressed to Mr K.V. Ananthanarayanan and your remarks in your D.O. letter of the same date addressed to the Comm^r with reference to para 6 of the ~~Residency~~ note of the same discussion received from the Residency and to request you to submit a report ~~after investigating the financial effects of the~~ in regard to the proposed extension of the advantages of the Reciprocal

over

Agreement between myself the Govt of India
& the applicable to the Assigned Tract of
Bombay, after investigating the financial
effect of such extension as proposed by you
at the meeting and as agreed to by the
members of the Central Board of Revenue
have to request you to consider the matter as
very urgent & to favour Govt with your
reply before the end of September next

Thanking you

Yours
29-8-25

For Revenue Secy to Govt

2954

IN REPLY REFER TO
No. C. 205 / 25
ENCLO. 25

OFFICE OF THE COMMISSIONER OF INCOME-TAX
IN MYSORE,

Bangalore, 12th September *192* 5,

15. SEP. 1925

DIARY NO. 1138

From

B. Ramaswamaiya, Esq., B.A., B.L.,
Commissioner of Income Tax in Mysore.

To

B. Srinivasaiengar, Esq., B.A., B.L.,
Secretary to the Government of Mysore,
Revenue Department, Bangalore.

Sir,

With reference to your letter No. Fl.1514/I.T.55-24-5 dated the 8th September 1925, I have the honour to state that the references made to the Chief Court at the instance of (1) The Swadesi Mills Co., Ltd., Bombay, (2) The Tata Mills, Ltd., Bombay and (3) The Central India Spinning, Weaving and Manufacturing Co. Ltd., Bombay relate to the question of interpretation of the expression "TOTAL INCOME" in sec. 16 clause (1) of the Mysore Income Tax Regulation V of 1923.

2. In this connection I may add that the decision of the Chief Court on the above question is awaited for the disposal of the appeals filed in this office by the under-mentioned ten companies, the point involved being the same.

1. Messrs. Ralli Bros. Agency, Hubli
2. The Singer Sewing Machine Co., Madras
3. The Oriental Govt. Security Life Assurance Co. Ld.
4. Messrs. Binny & Co., Madras
5. The Buckingham Carnatic Co., Ltd., Madras
6. The Asiatic Petroleum Co. (India) Ltd., Calcutta.
7. The Burma Oil Co., Ltd., Madras
8. The M. & S. M. Railway Co., Ltd., Madras
9. The Burma Oil Co., Ltd., Bombay.
10. Messrs. Langley and Co., Bombay.

3. The orders of the Chief Court will be reported for the information of Government as soon as they are passed.

I have the honour to be,
Sir,
Your most obedient servant,

B. Ramaswamaiya

Commissioner of Income Tax.

D. O. No. H 1731/9-T

GENERAL AND REVENUE SECRETARIAT

Bangalore, dated 21-9-1925

Dear Mr. Rameswamaiya,

Please refer to the communications noted in the margin relating to the subjects discussed in the Residency conference held on the 14th August 1925.

---

1. Extension of the reciprocal arrangement to the Assigned tract. H 1517/8.T 53-24-7 8-9-25
2. Extension of the present agreement to include dividends and incomes from professional vocations.
3. Particulars regarding the method of assessment in British India to be intimated to the Mysore Income Tax Authorities. H 1516/8.T 53-24-6 8-9-25
4. Fl. 1644 dated 15th September 1925 relating to the case of the United Coffee supplying Company, Coimbatore and the acceptance of the principle laid down in para 82 of the Indian Income Tax Act.

As the matter is urgent and the replies have to be furnished to the Residency, will you kindly expedite the submission of your reports?

Yours sincerely,

Draft Draft

To

P. Rameswamaiya, Esq., B.A., B.L.,

Commissioner of Income Tax in Mysore,

BANGALORE.

I.T. 66]

In reply refer to
No. C.737/24-25
Enc.....

D. 1500

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE,
Camp Mysore 30th September 1925.

FROM

V. R. THYAGARAJA AIYAR, ESQ., M.A.,
COMMISSIONER OF INCOME-TAX IN MYSORE.

To

B. Srinivasa Iyengar, Esq., B.A. B.L.,
Secretary to the Government of His Highness the
Maharaja of Mysore, Revenue Department.

Sir,

Submitted for
2nd member for
perusal
h
30.9.25

With reference to your letter No. Fl. 1516/I.T. 55-24-7 dated 8th September 1925 regarding the extension of the existing Reciprocal Agreements between Mysore and the Government of India to the assigned tract of Bangalore, I have the honor to state that the Deputy Commissioner of Income tax, Bangalore & Mysore and Cities and Taluks has been requested to report the financial effect of the proposed extension by actually working out a few typical cases on his file. I hope to be able to submit my report to Government before the end of October 1925.

I have the honor to be,

Sir,

Your most obedient servant

V R Thyagaraja Aiyar
30/9/25

Commissioner of Income tax
in Mysore.

The file was sent to L & L Secy as ordered by the member on the 22nd inst but it is pending for want of with draft reply

To
L & L Secy with Copy
for favour of status wise
file reply would be sent
with his opinion

I.T.66]

In reply refer to
No. C. 737/24-25
Enc.

OFFICE OF THE COMMISSIONER OF INCOME-TAX, MYSORE,
Camp Mysore
30th September 1925

D.1299

G.T 55-24-9

FROM

V. R. THYAGARAJA AIYAR, ESQ., M.A.,
COMMISSIONER OF INCOME-TAX IN MYSORE.

To

B. Srinivasa Iyengar, Esq., B.A. B.L.,
Secretary to the Government of His Highness the
Maharaja of Mysore, Revenue Department.

Sir,

With reference to your letter No. Fl. 1515/I.T. - 55-24-5 dated 8th September 1925 regarding the information to be obtained from the Income tax authorities in British -- India, I have the honor to state that the following may, - with advantage, be obtained for purposes of reference and -- assessment:-

(1) Proceedings of the annual conference of Income tax Commissioners in British India.

(2) General Circulars issued by the Commissioners of Income Tax, Madras & Bombay for the guidance of their Officers

(3) Annual reports on the Administration of Income tax in the several provinces of British India including the All-India report and returns.

(4) Any other report or proceedings in the Income tax Department which the Central Board of Revenue may consider to be useful for reference in Mysore - such as proceedings connected with the Bills and Acts amending the Income tax Act in the Legislative Assembly and the Council of State and the - amendment of the Income tax Rules.

(5) Instructions and orders issued by the Central Board of revenue in ~~the~~ Income tax matters for the working of the - Income tax Act in British India, and

(6) Details of the income in British India of persons liable to taxation both in Mysore and in British India (such information being exchanged between the assessing officers in British India and in Mysore).

I have the honor to be,

Sir,

Your most obedient servant,

Commissioner of Income tax
in Mysore.

App.F.VI-G1.] B650

SUBJECT ~~Income Tax~~

Immediate

Diary No. of letter replied to

General and Revenue Secretariat
( )
, the 192

Date of issue 26.10.25

Signed by Mr C.F.R.

Section
File No.
Serial No.
No. H 2275

To The Commissioner of Income Tax

Sir,

I am directed to invite reference to the marginally noted ~~communications relating to the~~ Subjects discussed at the Residency Conference held on the 14th Aug 1925 and to request you to be so good as to expedite the Submission of your reports as replies have to be furnished to the Residency.

I have etc
B.
for Secy to Govt
Rev. Dept

Extension of the present agreement to dividends & incomes from professions & vocations.

Extension of the ~~present~~ reciprocal agreement ~~to dividends incomes from professions & vocations (H 1517)~~ the Assigned Index (No. H 1517)

List of enclosures
D.T 53-24-78 8.9.25

Copied by

Examined by

over

Confidential.

2 drafts

9T 55·24 10 · Pol. 373 & 13 11/25

To

The Secretary to the Hon'ble
the Resident in Mysore.

S i r,

I am directed to invite reference to para 3 of the final note on the informal conversations held at the Residency on th 14th August 1925 on certain income-tax questions (reproduced in the margin) and to request you to be so good as to arrange, if there be no objection, for the supply of 3 sets of the following papers for reference by the Mysore Income-Tax Officers:-

(i) Proceedings of the Annual Conference of Income-Tax Commissioners in British India.

(ii) Circular instructions, orders and resolutions issued by the Central Board of Revenue for the working of the Income-Tax Act;

(iii) General circulars issued by the Commissioners of Income-Tax, Madras and Bombay for the guidance of their officers

(iv) Annual reports on the administration of Income-Tax in the several British Indian Provinces including the All Indi report and returns;

(v) Proceeding connected with t.. amendments of the Income-Tax Act and rules framed thereunder.

(It was also agreed that it would be advantageous to both the parties if the Mysore Government could be kept fully informed of the principles and methods of assessment adopted in British India especially in the neighbouring Provinces of Madras and Bombay.'

for

2. With a view to avoid hardship to assessees carrying on business both in Mysore and British India, it ~~is~~ seems desirable that details of their income, profits and gains in British India be furnished confidentially by Income-Tax Officers in British India on application by Mysore Income-Tax Officers. Corresponding particulars will be furnished by Mysore Officers whenever required by Income-Tax Officers in British India.

Such a reciprocal arrangement will, it is believed, go far in enabling the ~~several~~ Income-Tax Officers on both sides to arrive at a correct decision regarding the ~~assessable~~ taxable income of assessees under their administration.

I have etc.,

28/10

Secretary to Govt.,
Rev. Department.

Confidential

2 drafts. Pol. 375 & 13 11/25.

9T 55-24 -11.

To

The Secretary to the Resident in Mysore,

Bangalore.

Sir,

I am directed to invite reference to para 2 of the Final Note (vide margin) on the informal conversations held at the Residency, Bangalore on the 14th August 1925 in respect of certain incometax matters between the Mysore Commissioner, the Senior Member of the Central Board of Revenue and the Madras Incometax Commissioner, and to communicate the following views of His Highness' Government on the above subject:-

'It was agreed that it was desirable to secure uniformity of principle and of practice and that it was preferable that doubtful points, where contradictory decisions would be embarrassing, should be settled by the administrative authorities rather than that they should be referred to the different High Courts for judicial determination.'

In the matter of reference to the Chief Court

The law as in force now in Mysore is contained in Section 66 of the Incometax Regulation and the corresponding section of the British India enactment provides for the Commissioner making reference to the High Court suo motu or on the application from the Incometax- authorities. The assessee may also apply to the Commissioner to state a case for the opinion of the High Court and in the event of the latter refusing to do so, the assessee may himself apply to the High Court who may require the Commissioner to state the case and refer it. Under any arrangement that may be entered into as now suggested, the Commissioner may possibly refrain from stating the case suo motu under clause (1) of Section 66, but nothing can prevent the parties from asking for a reference when they are adversely affected by any orders of the Incometax authorities or the High Court from issuing a mandamus insisting on the Commissioner making a reference. ~~The~~ Any such agreement as contemplated will thus be practically

~~a dead letter~~. Besides the arrangement will be in the nature of a contract having in effect the defeating of the provisions of any law, to wit, section 66 of the Incometax Regulation and as such avoid under Section 23 of the Indian Contract Act.

The only way in which the object in view could be achieved would be by omitting section 66 entirely from the statute book and making Government the final authority in all matters. ~~In these circumstances~~ The Mysore Government consider that this course would be drastic and would be opposed to the wholesome provisions adopted elsewhere of allowing the judiciary to interpret the law contained in the Incometax Act, and may not therefore be proper.

Subject to the foregoing remarks, the Mysore Government would have no objection to the acceptance of principle of settling - doubtful points by negotiations wherever such a course is ~~considered expedient~~ feasible.

I have etc.,

Revenue Secy. to Govt.

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

23753

No. 6074 Enc. 43-1917.

Pol. 669

From

Major K. A. G. Evans Gordon,
SECRETARY TO THE RESIDENT IN MYSORE.

To

The Secretary to the Government of Mysore,
Revenue Department.

Dated Bangalore, 10th December 1925.

Subject.

Income tax.

Sir,

I am directed to refer to the correspondence ending with your letter No. Pol.125, dated the 10th August 1925.

2. At the informal discussions held at the Residency on 14th August 1925, on income-tax matters, it was understood that judicial proceedings were pending in the Mysore Chief Court regarding the interpretation of the expression "total income" in section 16 (1) of the Mysore Income Tax Regulation as affecting concerns carrying on business both in Mysore and in British India.

If the Mysore Chief Court has decided any of the cases before it, it is requested that a copy of its decision may, if there is no objection, be forwarded, for communication to the Government of India with one spare copy for reference by this office.

I have the honour to be,
Sir,
Your most obedient servant,

K. Evans-Gordon

Major.

SECRETARY TO THE RESIDENT.

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

23752

No. 10178 ENC. / 134-1925.

9T 55-24-2

Pol 670

FROM

Major K. A. G. Evans Gordon,

SECRETARY TO THE RESIDENT IN MYSORE.
and Commissioner of Income-Tax.

GENL. & REV. SECTT. Br. 71 10. DEC. 1925 G. D. SECTION.

To

The Secretary to the Government of Mysore,

Revenue Department.

Dated Bangalore, 10th December *1925*.

Subject.

Income - Tax.

SIR,

With reference to your letter No. Pol.373/I.T. 55-24, dated the 13th November 1925, I am directed to state that the Central Board of Revenue and the Commissioners of Income Tax, Madras and Bombay, have been addressed as regards the publications the supply of which is requested.

As regards item (iv) in paragraph 1 of your letter, however, I am to inquire whether the Mysore Government desire to have these reports from all the Major Provinces (Bengal, Madras, Bombay, United Provinces, Punjab, Central Provinces and Behar and Orissa) as well as the All India Report for the supply of which the Central Board has been addressed.

2. With regard to paragraph 2 of your letter, it is believed that the need for the course suggested arises in part from the definition of the words "total income" in section 16 (1) of the Mysore Income-tax Regulation, 1923. I am to invite a reference in th connection to paragraph 5 of the Note on the informa conversations held at the Residency on the 14th Aug 1925, in which a suggestion was put forward that t Government of Mysore might re-consider the presen

*Copy enclosed.

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

*23752

No. 10178 ENC. / 134-1925.

FT 55-24-2

Pol 670

FROM

Major K. A. G. Evans Gordon,

SECRETARY TO THE RESIDENT IN MYSORE.
and Commissioner of Income-Tax.

To

The Secretary to the Government of Mysore,
Revenue Department.

Dated Bangalore, 10th December *1925*.

Subject.

Income - Tax.

SIR,

With reference to your letter No. Pol.373/I.T. 55-24, dated the 13th November 1925, I am directed to state that the Central Board of Revenue and the Commissioners of Income Tax, Madras and Bombay, have been addressed as regards the publications the supply of which is requested.

As regards item (iv) in paragraph 1 of your letter, however, I am to inquire whether the Mysore Government desire to have these reports from all the Major Provinces (Bengal, Madras, Bombay, United Provinces, Punjab, Central Provinces and Behar and Orissa) as well as the All India Report for the supply of which the Central Board has been addressed.

2. With regard to paragraph 2 of your letter, it is believed that the need for the course suggested arises in part from the definition of the words "total income" in section 16 (1) of the Mysore Income-tax Regulation, 1923. I am to invite a reference in this connection to paragraph 5 of the Note on the informal conversations held at the Residency on the 14th August 1925, in which a suggestion was put forward that the Government of Mysore might re-consider the present

*Copy enclosed.

present interpretation of total income as including income which has accrued or arisen in British India but has not been received in Mysore.

I am to inquire whether this suggestion has met with the approval of the Government of Mysore, and, if so, whether any steps are intended to be taken to give effect to it.

I have the honour to be
Sir,
Your most obedient servant,

Major.

SECRETARY TO THE RESIDENT.
& Commissioner of Income Tax

BJ

Note on the informal Conversations held at the Residency, Bangalore, on 14th August 1925.

---:0:---

* * * * * *

5. The Member, Central Board of Revenue suggested that the Mysore Government should re-consider their interpretation of "total income" and should consider whether the advantages of uniformity of principle and application did not outweigh the financial advantages of the present interpretation of total income as including income which has accrued or arisen in British India but has not been received in Mysore.

* * * * * *

---:0:---

"C O P Y"

REGISTRAR RESIDENT'S OFFICE.

P.N.

BJ

App.F.VI-G1.] B650

SUBJECT.....

Diary No. of letter replied to .....

General and Revenue Secretariat
( )
the 192

Date of issue 10.12.25

Signed by Mr T.K.S.

for your info forward herewith an extract of letter no ... d... read from the residency in the matter and

List of enclosures.....

Copied by .....

Examined by.....

Section

File No.

Serial No. 3

No. H 3434/Ex/

To The Comm^r of Income tax in Mysore

Sir,

With reference to item(4) in your letter no. C 7378 30th Sept 1925, I am directed to inquire whether in view of the ~~this~~ the light of the remarks contained therein you desire to have the reports from all the Major Provinces (Bengal, Madras, Bombay, United Provinces Punjab, Central Provinces & Behar Orissa) as well as the All India Report.

I have etc

for Secy to Govt
New Delhi

over

APP. F. VI. Gl.]

SUBJECT.....

.....

.....

Section 9.T

File No. 55-24

Seria No. 16

No. H5671

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *192*

To The Govt. Advocate

in Mysore

Sir,

Date of issue 23.12.25

Signed by Jr G.E.R.

With reference to your letter no. 421 of 14.12.25, I am directed to request you to be so good as to forward at once a copy of the Full Bench order in Civil Referred case no. 9 of 1924-25 on the file of the Chief Court.

I have etc

23.12.25

For Secy to Govt

Rev. Deptt

List of enclosures..... Nil

Copied by.....

Examined by.....

over

WD 0562—GPB—31,000—17-8-25

27918

In reply please refer to
No. 25

Tel. Address:—
"JURIST," Bangalore.

OFFICE OF THE GOVERNMENT ADVOCATE
IN MYSORE,

Bangalore.....5th.....January.....*1926*.

DIARY No. 493

FROM

FINANCIAL SECRETARIAT
7 JAN 1926

K. SHANKARANARAYANA RAO, ESQ., M.A., B.L.,
GOVERNMENT ADVOCATE IN MYSORE.

G.O.T.
BANGALORE.
55-24
17

DR. 91
7 JAN 1926

To

The Secretary to the Government
of H. H. The Maharaja of Mysore,
Revenue Department, BANGALORE.

SIR,

With reference to your letter No. Fl.3671/I.T.55-24-16 dated the 23rd December 1925, I have the honour to state that a copy of the Order of the Full Bench in Civil Referred Case No.9 of 1924-25 on the file of the Chief Court of Mysore, has been applied for on the 14th Decembe 1925, and that the same will be forwarded to you as soon as the same is received in this office.

I have the honor to be,
Sir,
Your most obedient servant,

K Shankaranarayana Rao
Government Advocate.

CSN.

I. T. 67 28199

No. C.737 24-25

Enc.

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE,

Bangalore 4th January 192 6.

509

FROM

V. R. THYAGARAJA AIYAR, ESQ., M.A.,
COMMISSIONER OF INCOME-TAX IN MYSORE.

FIN JAN 1926

FI JAN. 1926

G. D. SECTION

I.T. 55-24 18

To

B. Srinivasa Iyengar, Esq., B.A., B.L.,
Secretary to the Government of Mysore,
Revenue Department, Bangalore.

Sir,

With reference to your letter No. Fl.3434/I.T. 55-24-24 dated the 16th December 1925, I have the honour to state that as stated therein it would be sufficient if the All India Report is supplied to this office.

2. Arrangements may, therefore, kindly be made to supply this office with a copy of the All India Report from the year 1923-24.

I have the honour to be,
Sir,
Your most obedient servant,

Commissioner of Income Tax.

APP. F. VI. Gl.]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *192*

Date of issue 12/1/1926

Signed by Jul B. S.

D.No 2 "

List of enclosures.....

Copied by.....

Examined by.....

Section 9T

File No. 53-24

Seria No. 20

No. Pol 564

To The Secretary to the

Hon'ble the Resident

Waziristan

Sir,

With reference to the correspondence ending with your letter no. 10178 & 10th Dec 1925, I am directed to state that it would be sufficient if the All India Report is supplied & to request that arrangements may kindly be made to supply three copies of the same from the year 1923-24.

2. As regards the ~~suggested~~ questions relating to the ~~to reconsider the present~~ interpretation of total income

over

referred to in paragraph 2 of your letter under advertance, I am to state that a Separate communication will be ~~made~~ addressed in due course.

(Vide also your letter Pol 6/6/g of 10th Dec 1925)

I have etc

h
9.1.26.

Secy to Govt
By Rev. Deptt

WW

CF 32 Regd. No. 865 Madras

INCOMETAX. DEPARTMENT.

In reply please quote number date and short title *

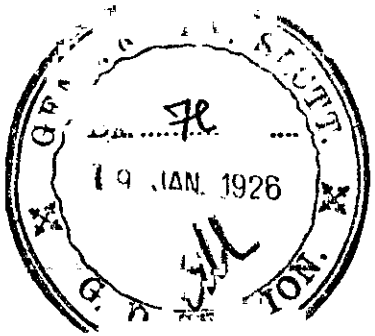
30835
Received *Registered* 5-F 23-24-29

From (Name) D. N. Strathie Esq., I.C.S., D.A. No. 1860

(Designation) Commissioner of Incometax.

Post Box G.P.O., (Station) Madras.

Telegraphic Address INTAX.



To The Secretary to the Government of Mysore,
Revenue Department, Bangalore.

C.R. *No.* 2348/25, *dated* 17th Jan. *1926.*

Sir, Circulars - Incometax - Issued by the Commissioner of Incometax, Madras - Copies of-Supply to the Government of Mysore - Letter from the Secretary to the Resident in Mysore - No.10176/134 -1925 dated 10th December 1925.

Enclosures

Spare Copies

As desired by the Honourable the Resident in Mysore, I have the honour to forward herewith three sets of the circulars No.I to LXXXI issued by me for the guidance of Incometax Officers in this Pre-

sidency. I shall send you three copies of my future circulars as and when they are issued.

I have the honour to be,

/Sir,

Your most obedient servant,

/W. Venkataramany

For COMMISSIONER.

wel
AS/18-1.

32151

9.T.55-24-24

2550

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 807 Enclos. 134-1925.

Dated Bangalore, 27 Jany. 192 6

From

Major K. A. G. Evans Gordon,
SECRETARY TO THE RESIDENT IN MYSORE.

GENL. & I. T. SECTION. Br. M 27 JAN. 1926 G.D. SECTION.

The Secretary to the Government of Mysore,
Revenue Department.

Subject :—

I N C O M E- T A X.

Pol. 861

Sir,

I am directed to refer to your letter No. Pol.375/I.T.,55-24, dated the 13th November 1925, and to say that the Government of India do not take exception to the views expressed therein.

Please put up Bz letter. Secretary's Case. To be Submitted to Dewan for approval

Bz 29/1

I have the honour to be,
Sir,
Your most obedient servant,

Major,
SECRETARY TO THE RESIDENT.

APP. F. VI. Gl.]

SUBJECT.....

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Section 9T

File No. 53-24

Seria No. 23A

No. H 4197

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

he *192*

Date of issue 27.1.26

Signed by M.B.S.R

To The Commr of Income Tax
Madras

Sir,

I am directed to acknowledge with thanks the receipt of 3 sets of circulars issued ~~by~~ for the guidance of Income Tax Officers in the Presidency of Madras, forwarded with your letter no. CR 23 dt 17.1.26.

I have
h
Secy to Govt
Rev
By

List of enclosures.....

Copied by.....

Examined by.....

over

WD 0562—GPB—31,000—17-8-25

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

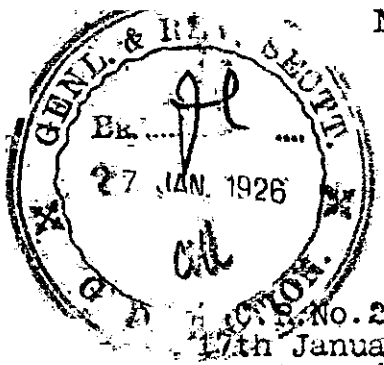
32150

OFFICE OF THE RESIDENT IN MYSORE,

Bangalore, 27 January, 1926.

No. 808 / 134-1925. Encls

2761



A copy of the marginally noted letter, ~~with enclosure,~~ is forwarded with compliments, to the Chief Secretary to the Government of H. H. the Maharaja of Mysore, Revenue Department, for information, with reference to his letter No. Pol.373/I.T.55-24, dated the 13th November 1925.

From the Commissioner of Income-tax, Madras, No. 2348/25, dated the 17th January 1926.

Pol. 862

CJK.

Major
Secretary to the Resident.

P. O. 758. R. O. 25.—2,000.—2-10-1925.—R. P. B.

Letter No. C.R.2348/25 dated the 17th January 1926 from the Commissioner of Incometax Madras, to the Secretary to the Hon'ble the Resident in Mysore, Bangalore.

Circulars - Incometax - Issued by the Commissioner of Incometax, Madras - Copies of Supply to Government of Mysore - Your letter No. 10176 /134- 1925, dated the 10th December 1925.

With reference to your above letter I have the honour to inform you that I am sending to the Secretary to the Government of Mysore, Revenue Department, Bangalore, three sets of my circulars Nos. I to LXXXI. I have no objection to supplying the Mysore Darbar with three sets of my future circulars. They will be sent direct to the Secretary to the Government of Mysore, Revenue Department Bangalore as and when they are issued. I presume that the present supply of one copy of my circulars to the Commissioner of Incometax, Mysore, may now be stopped.

" C O P Y "

REGISTRAR RESIDENT'S OFFICE.

APP. F. VI. Gl.]

SUBJECT.....

Section G.T

File No. 53-24

Seria No 25

Diary No. of letter replied to.....

No. H 4279/Ecb.

General and Revenue Secretariat

( )

the *192*

To The Commissioner of Income Tax in Mysore

Sir,

I am directed to forward herewith for reference a set of circulars no I to L ~~XXXI~~, issued by the Comm^r of I.T, Madras for the guidance of Incometax officers in that Presidency.

I have etc

By

J Secy to Govt

Rev. Dept.

Date of issue 5.2.26

Signed by Asst. B.S.R

List of enclosures.....

Copied by.....

Examined by.....

over

WD 0562—GPB—31,000—17-8-25

APP. F. VI. Gl.]

2 Drafts

SUBJECT.....

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Section JT

File No. 53 · 24

Seria No. 26

No. Pol. 673 R/2

To The Secretary to the

Hon'ble the Resident

Sir,

I am directed to forward herewith two copies of the decision of the Chief Court of Mysore regarding the interpretation of the expression 'total income' in Section 16(1) of the Mysore I.T. Regn, as requested in your letter no. 10174/43-191 dt 10th Dec 1925.

I have e

h 8/1

Secy to Govt

Bower Rev. F.H.

*Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the 192

Date of issue 13/2/26

Signed by Mr. B.S.

of judgements and in case Referred case No 9 of 1924-25 relating to the assessment of the income of the Central India Spinning and MG Co Bombay to Surplus Tax for 1923-24

List of enclosures..... p. 12 D/

Copied by.....

Examined by.....

WD 0562—GPB—31,000—17-8-25

APP. F. VI. Gl.]

2 Draft

SUBJECT.....

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Diary No. of letter replied to.....

General and Revenue Secretariat
( )
the 192

Date of issue 13/2/26

Signed by Dkr 13.2

Section IT
File No. 53.24
Serial No. 27
No. Pol 674

To The Secretary to the
Hon'ble the Resident

Sir,

With reference to your endorsement no. 808 of 27th Jany 1926 forwarding a copy of letter no. CR 2348/25 of the 17th idem from the Commr of Income Tax, Madras, regarding the supply of copies of circulars issued by him, I am directed to state that the supply of I.T. circulars direct to the Commr of Income Tax in Mysore may hereafter be stopped.

List of enclosures.....
of one

Copied by.....

Examined by.....

over & Leave etc-

By Secy & Legal Asst
Asst. Deptt Clk

No. F. (Heal-Calico) 26

Copy of the above is forwarded with compliments to the Comm^r of D.T in Mysore in continuation of this office letter no. Fl 4279/D.T 53-24-25 of 5.2.26.

(with copies of communications referred to therein)

2. Copies of Madras D.T circulars will hereafter be sent to you from this office as & when they are received.

B.O.

For Secy to Govt
Rev. Dept

KN.

33816

I.T. 55-24-28. 2899

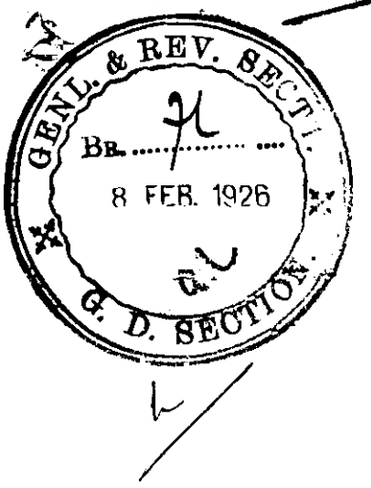
All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 1171 ENC. 134-1925.

Pol. 913 FROM

Major K. A. G. Evans Gordon,

SECRETARY TO THE RESIDENT IN MYSORE.



To

The Secretary to the Government of Mysore,

Revenue Department.

Dated Bangalore, 6th February, 1926.

Subject.

Supply of Income-tax publications.

SIR,

I am directed to refer to your letter No. Pol.373/ I.T. 55-24, dated the 13th November 1925, in which the Government of Mysore put forward a request that they may be supplied with the following, amongst other, papers for the use of their Income-tax Officers:-

(1) Proceedings of the Annual Conference of Income-tax Commissioners in British India;

(ii) Circular instructions, orders and resolutions issued by the Central Board of Revenue for the working of the Income-tax Act;

(iii) The All-India Report and Returns ; and

(iv) Proceedings connected with the amendments of the Income-tax Act and the rules framed thereunder.

2. The request was conveyed to the Central Board of Revenue, and I am to communicate their reply.

3. It is stated that no report of the proceedings of the annual Conference of Income-tax Commissioners is now drawn up. At the close of the Conference, the Central Board of Revenue, after considering the results of the discussions issues such circulars as may be necessary, dealing with the subjects discussed.

4. In regard to the request that circular instructions, Orders and resolutions of the Board may be supplied to the Government of Mysore, it is stated, as the Governme

33816

I.T. 55-24-28. 2899

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 1171 ENC. 19 — 19
134-1925.

Pol. 913 FROM,

Major K. A. G. Evans Gordon,
SECRETARY TO THE RESIDENT IN MYSORE.

GENL. & REV. SECTN. BR. 4 8 FEB. 1926 G. D. SECTION

To

The Secretary to the Government of Mysore,
Revenue Department.

Dated Bangalore, 6th February, 1926

Subject.

Supply of Income-tax publications.

SIR,

I am directed to refer to your letter No. Pol.373/I.T. 55-24, dated the 13th November 1925, in which the Government of Mysore put forward a request that they may be supplied with the following, amongst other, papers for the use of their Income-tax Officers:-

(i) Proceedings of the Annual Conference of Income-tax Commissioners in British India;

(ii) Circular instructions, orders and resolutions issued by the Central Board of Revenue for the working of the Income-tax Act;

(iii) The All-India Report and Returns ; and

(iv) Proceedings connected with the amendments of the Income-tax Act and the rules framed thereunder.

2. The request was conveyed to the Central Board of Revenue, and I am to communicate their reply.

3. It is stated that no report of the proceedings of the annual Conference of Income-tax Commissioners is now drawn up. At the close of the Conference, the Central Board of Revenue, after considering the results of the discussions issues such circulars as may be necessary, dealing with the subjects discussed.

4. In regard to the request that circular instructions, Orders and resolutions of the Board may be supplied to the Government of Mysore, it is stated, as the Government

Mysore were informed in my letter No. 5176, dated the 22nd June 1925, that the substance of all circulars, as are intended to be published, is embodied in the Income-tax Manual and in the supplementary pages to the Manual that are issued from time to time. Sometimes important orders are issued in the form of resolutions published in the Gazette of India. It has already been arranged that copies of resolutions should be furnished to the Mysore Government and these, together with the Income-tax Manual and its supplementary pages, will keep the Government of Mysore informed of all orders of the Central Board of Revenue.

5. It is stated that arrangements will be made to supply the Government of Mysore with copies of the Central Boards annual consolidated report on the administration of the Income-tax Department, which contains the consolidated all-India returns.

6. As regards the last item No. (iv) - there are no "proceedings" relating to amendments of the rules other than Secretarial Minutes which it will be clear cannot be furnished. Debates in the two Houses of the Legislature relating to the amendments of the Act are reported in the public proceedings of the Legislative Assembly and the Council of State as well as in the press.

I have the honour to be,

Sir,

Your most obedient servant,

Major,

SECRETARY TO THE RESIDENT.

CJK.

APP. F. VI. Gl.]

SUBJECT.....

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Section 9T

File-No. 33 · 24

Serial No. 29

No. H.C. & S. 2/26

To The Commr of Income Tax in Mysore

Diary No. of letter replied to.....

General and Revenue Secretary

( )

192

Date of issue 22 : 2 : 26

Signed by M.B.S.R.

Sir,

With reference to the correspondence ending with your letter no. C 737 & 4th Jany 1926, I ~~am directed~~ in regard to the supply of certain references relating to income-tax matters in British India, I am directed to forward herewith for information Copy of a letter no. 1171/134-1925 & 6.2.26 from the Secy to the Hon'ble the Resident in Mysore

I have etc

for Secy to Govt

over Secy to Govt Aff. Dept.

List of enclosures..... 1 cc

Copied by.....

Examined by.....

WD 0562—GPB—31,000—17-8-25

Dear Mr. Pears,

I have received your Demi. Official letter No.2327 dated 13th instant, in re. to the interpretation of the expression "Total income" in the Mysore Income Tax Regulation.

D.D. No R.19 2073/Q 26

The interpretation of the term "Total income" with reference to ordinary incometax was not a matter referred for the opinion of the Chief Court by the Commissioner of Income Tax. The observations of the Chief Judge Mr. Justice Plumer referred to in your letter are therefore merely obiter dicta and cannot be treated as deciding the question. This interpretation could however have been accepted and acted upon in practice if atleast all or a majority of the judges had held this view. But a reference to the judgment of the other two judges shows that both of them agree in holding that in computing the total income of an assessee for the purpose of ~~[assessing and charging income tax]~~ determining the liability to income tax the definition of total income as expressed in section 16 (1) of the Regulation entails the inclusion of income if any accruing from such of the assessee's business as may be carried on in British India even though such income has not been received into the Mysore State by the assessee.

You will thus see that the views of the Mysore Government in regard to the meaning of the term total income conveyed in their letter No.Pol.822 dated 30th March 1925 has been fully endorsed by a majority of the Judges of the Chief Court. In this view it

seems to me that there is no occasion just at present to undertake any legislative action of the kind mentioned in the penultimiate paragraph of your letter under reply.

Yours sincerely,

8-1
17.3.

Approved by Diwan
Pso.
Ls.
PSW 20/2/26.